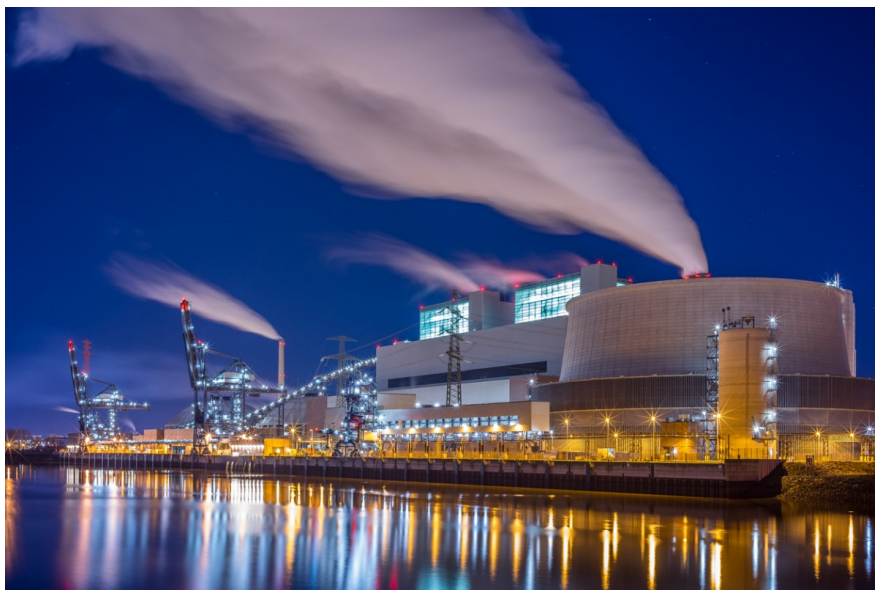


Germany: Finally some positive news

German new orders finally showed some signs of life in May, providing more evidence that the economy could rebound during the second half of the year



Source: iStockphoto

This one was hard to miss. After four consecutive drops and the worst performance since late 2012, German new orders finally showed some signs of life in May. New orders increased by 2.6% month on month, from -2.5% MoM in April; the best performance since August last year. On the year, new orders were up by 4.4%, from 0.8% in April. The biggest driver of today's increase were domestic orders (+4.3% MoM) and orders from other eurozone countries (+6.7% MoM). Other foreign orders dropped by 1.3% MoM.

After yesterday's better-than-expected PMIs for June, these new orders bring more positive news from the German economy. However, before anyone gets overly enthusiastic, after four consecutive drops, an increase in new orders was really as safe a bet as predicting today's sunrise. Still, with darkening skies, the daily sunrise can bring a smile in the morning.

We have always said that Germany's macro data in the first few months of the year will and has been heavily affected and blurred by a series of one-off factors. Just think of the harsh winter weather, the flu, timing of vacation, public holidays and long weekends. It will take until June before the economy will finally show its real face. Chances are gradually increasing that it will be a

beautiful sight.

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