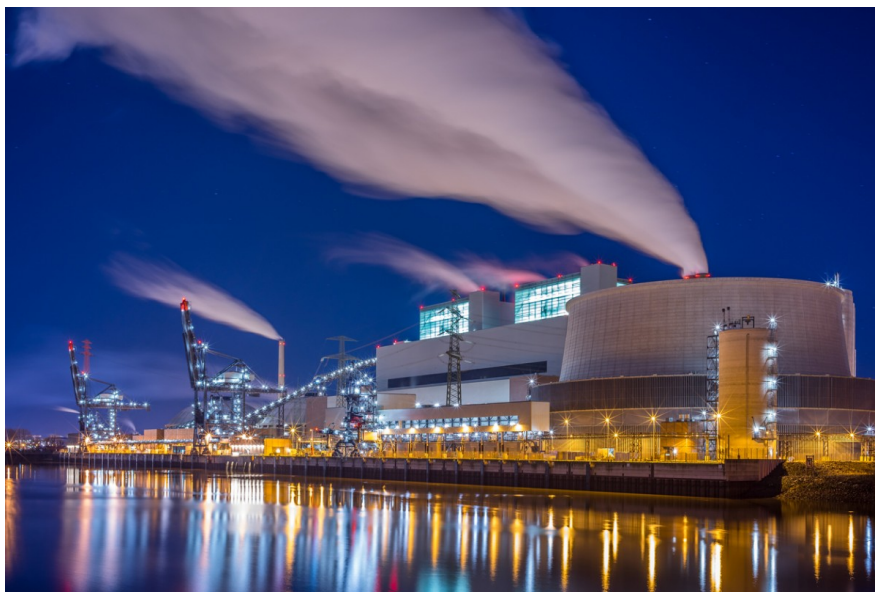


Germany: Finally some positive news

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.

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit www.ing.com.