

## Germany: First setback for industry

Industrial orders fell in December suggesting that the stricter lockdown in Germany, together with ongoing lockdowns in other eurozone countries, has finally impacted German industry.



While the country is preparing for a severe spell of winter weather this weekend, just released industrial orders data shows that the economy was already severely impacted at the end of December. Today's industrial orders data gives a first impression of how the stricter lockdown measures since mid-December have hit the economy. Industrial orders fell by 1.9% month-on-month, from a slightly upwardly revised 2.7% in November. This was the first drop in industrial orders after seven consecutive monthly increases. The December drop was driven by weaker domestic demand and a sharp drop in orders from eurozone peers. New orders from outside the eurozone even increased slightly. On the year, industrial orders are now up by 6.4%. Industrial orders are still some 2 ½ % above their pre-crisis level and despite the pandemic, the year 2020 will be the first year since 2017 in which industrial orders recorded a positive year in terms of average monthly growth.

German industry had remained almost unharmed by the November lockdown. In fact, the industrial revival since the summer, though coming from very low levels, is the reason why the German economy weathered the fourth quarter much better than most eurozone peers. Today's data, however, show that the stricter lockdown measures since mid-December, as well as the Christmas break, have finally hit German industry. At face value, this only looks like a temporary

breather. However, with the Chinese New Year break as well as ongoing lockdowns in many main trading partner countries, setbacks for industry seem hard to avoid.

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