

German industrial orders confirm the ongoing divergence

The rebound in industrial orders confirms that the divergence between manufacturing and services will continue in 2021



German industrial orders data for January confirms the divergence between the manufacturing and services sector will continue in 2021.

Industrial orders increased by 1.4% month-on-month, from a downwardly revised -2.2% MoM in December. Over the year, orders were up by 2.5%. Excluding bulk orders, industrial orders were up by 2.8% MoM, while domestic orders dropped by 2.6% MoM, foreign orders increased by 4.2%.

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 suggest that the industrial-strength will continue in 2021. Soft indicators had already pointed in that direction and now hard data confirm this divergence. While retail

sales took a sharp hit in January, industrial orders improved.

It looks as if at least the industry seems to benefit from the fact that some countries are faster and more advanced with the vaccination strategy and reopenings than Germany.

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 <http://www.ing.com>.