

## Germany: Keeping the ‘V’ hopes alive

A strong surge in new orders in Germany shows that the industry is finally benefitting from lifted lockdown measures



Industrial orders finally got moving. After a slow start in May, new orders surged by 27.9% month-on-month in June. Needless to say that this is another ‘best monthly figure ever’ report.

On the year, however, industrial orders are still down by more than 11%. The surge was driven by both domestic (+35.2% MoM) and foreign (+22%) demand, while the stronger increase of domestic orders (+35.2% MoM) illustrates that other countries are still suffering more from the crisis than Germany.

After the lifting of the lockdown measures in April, it was mainly private consumption in Germany which surged. Industrial activity was still lagging behind. Currently, broader domestic activity has returned to more than 90% of pre-crisis levels and with today’s numbers, industrial order books have also returned to 90% of their pre-crisis levels.

The only limiting factor is that order books had already been in a long shrinking process for two years prior to the crisis. These structural issues won’t disappear overnight, but today’s numbers suggest that the industry could catch up with the momentum in the rest of the economy.

Hopes for a ‘V’-shaped rebound, not necessarily recovery, stay alive.

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