

## Germany: Best month ever is not yet good enough

Despite the first monthly double-digit increase, industrial orders remain some 30% below their levels seen in the first quarter



Cars on a German Autobahn

German orders staged a strong comeback, increasing by 10.4% month-on-month in May, from -26.2% MoM in April. On the year, industrial orders are still down by almost 30%. After two devastating months, today's increase is the largest monthly increase ever. The increase was driven by both domestic (+12.3% MoM) and foreign (+8.8% MoM) demand. While new orders from other eurozone countries increased by more than 20%, demand outside the eurozone only increased by 2%. The latter is another illustration that the crisis is far from being over.

Industrial orders had dropped by an unprecedented total of 40% in March and April. This was more than the order meltdown seen during the financial crisis over a period of six months. Back then, it took almost 18 months before order books returned to their pre-crisis levels. This time around, German order books had already gone through a long period of deflation before the crisis actually hit. In 2018, new orders had dropped by a monthly average of 0.4%, in 2019, by a monthly average of 0.7%. Industrial orders are a good illustration that the German economy entered the crisis on a much weaker footing than the 2008/9 crisis. This should put any monthly surges into perspective. Even after today's increase, order books are some 30% below the first quarter levels.

Today's industrial orders data brings two important messages: the lifting of the lockdown

measures has brought V-shaped surges in activity but the return to pre-crisis levels will not be easy.

## Author

### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

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