

## 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)

## 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](http://www.ing.com).