

## Germany: Industrial orders drop in October

The order book deflation in German industry continues



Still no signs of a turnaround for German industry. Hard data cannot yet keep up with the tentative positive signs from soft data. While latest confidence indicators point to a bottoming out, the hard reality looks different. New industrial orders dropped by 0.4% month-on-month in October, from 1.5% in September. On the year, new orders were down by 5.5%. Domestic orders dropped by a whopping 3.2%, while foreign orders increased by 1.5%, driven by a sharp bulk-order-driven 11% increase in orders from Eurozone countries.

The great order book deflation in German industry continues. In fact, it looks as if 2019 will be the second year in a row in which new orders have fallen. In 2018, orders dropped by 0.4% on average. Currently, 2019 is on track to record a monthly average drop of some 0.6%.

All of this means that the discrepancy between thin order books and high inventories is now bigger than at the start of the mini-recession in 2012 and does not bode well for industrial production in coming months. The trade conflict, global uncertainty and sector-specific shocks (let's call them 'cars') are clearly weighing on German industry. Given the latest announcements from the US government, it should come in handy that German exporters are at least not really known for selling high-quality cheese and champagne.

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