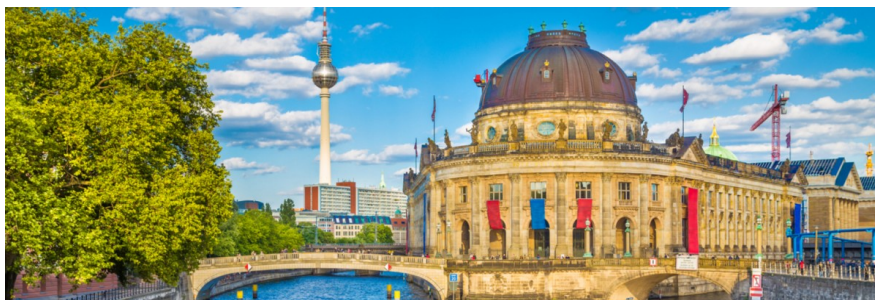


Germany: New Year starts with a small disappointment

The first macro data of the year is negative but provides little reason to get concerned. The German growth party is set to continue.



German new orders took a nosedive in November, dropping by 0.4% MoM, from a 0.7% MoM increase in October. The drop was driven by both weaker domestic and foreign demand. For the year as a whole, foreign demand has been much stronger than domestic demand. Up to now, domestic demand has remained flat looking at the monthly averages, while foreign demand has grown by some 0.5% MoM.

Today's drop in new orders should not ruin the current German growth party. In fact, the decrease comes after three consecutive increases and is rather of a technical nature than any sign of weakness. With inventories low and capacity utilization at its highest level since 2008, there is little reason to get concerned. The general trend for industrial production in Germany remains positive.

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