

Machinery & Equipment

German Manufacturing and Exports on the Road to Recovery

Germany recorded a major fall in economic output in the first half of the year. Since May, the economy has enjoyed a tentative recovery thanks to a resurgent manufacturing industry.

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Industry Recovery Continues

Germany's industry sector enjoyed a sharp increase in production and sales in May and June.

According to the Federal Statistics Office, month-on-month growth rose by almost nine percent.

As such, growth was greater than the forecast 8.2 percent, with the June figures being the second monthly increase in succession. This was due in large part to a recommencement of production in the automotive sector, with cars and car parts production recording an increase of 54.7 percent as the production sites reopened.

Production capacity is currently around 80 percent of the level recorded in Q4/2019. New manufacturing orders recovered strongly during the same period, up 27.9 percent in June compared to 10.4 percent in May after the hard shut-down. Overall industry production levels in June were just over 87 percent of levels prior to the outbreak of the global Covid-19 pandemic. The initially rapid process of recovery is set to continue, but remains dependent on foreign demand.

Elsewhere, Germany's electrical and electronics industry reported a fall of just 1.1 percent in orders compared to the previous year's levels. Strong domestic demand, particularly for measurement technology, process automation, railway vehicles, and batteries, being the underlying reasons for this minor shift.

German exports record growth

Preliminary export results in June were 9.4 percent below the corresponding figure for the previous year according to the Federal Statistics Office. However, compared to the previous month, this is equivalent to an increase of almost 15 percent (EUR 96.1 billion exports in June). This is equivalent to the largest increase since the start of the time series in August 1990. The first glimmerings of a recovery could be observed in May. Although exports were down by almost 30 percent on the previous year's levels, there was a nine percent increase on April export results. According to the Federal Statistics Office, exports have fallen by over 13 percent for the first half of the year – this in part caused by the slow recovery of many German-goods importing countries.

Business Optimism Returns


Germany's economic recovery will take some time, but companies are optimistic about the future. According to the August Ifo Business Climate Survey, confidence among German business leaders is continuing to improve, rising to 92.6 points – an increase on July's rating where macroeconomic expectations for the six months ahead were already positive and better than they were in 2019.


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