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Economic Research

Economic Briefing

Germany – No lasting turnaround in production yet

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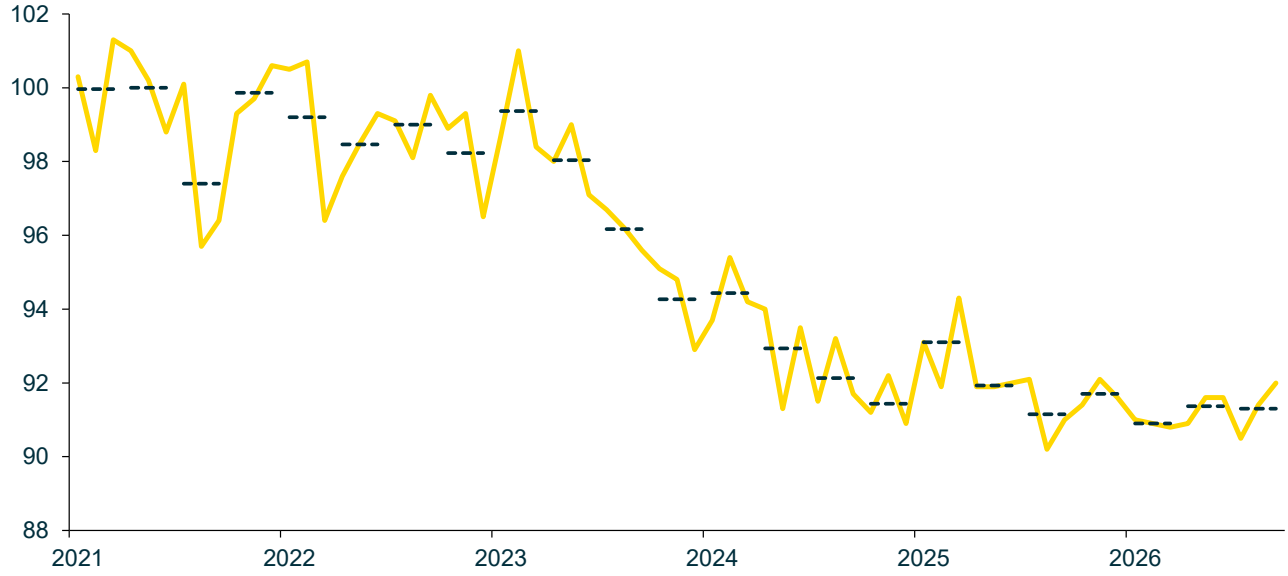
Industrial production rose by 0.7% in September compared with the previous month. However, at the same time, the initially reported strong increase in the previous month was revised significantly downwards, so that there can be no talk of a lasting upward turnaround so far. However, the improved mood among companies and the recent increase in new orders give reason to hope that this will change in the coming months.

Another positive data point from the industry: the industrial sector increased its production by 0.7% in September compared to the previous month, after it had already increased in August. However, production since July has been affected by various special effects such as relatively late plant holidays and a temporary shutdown of a car plant. This had depressed production, especially in July, and increased production in August and September – at least in part. Therefore, the quarterly averages should give a more reliable impression of recent developments, and there is practically no change in the third quarter compared to the second quarter (Chart 1).

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Chart 1 - Production still moving sideways

Industrial production, seasonally adjusted monthly figures, 2021=100, dotted lines mark quarterly averages



Source: Destatis, S&P Global, Commerzbank Research

In view of the improved mood among companies and the recent stronger order intake, we expect production to increase in the coming months. However, the numerous structural problems as well as weak demand from China and US tariffs suggest that this upward movement will only be moderate.

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