

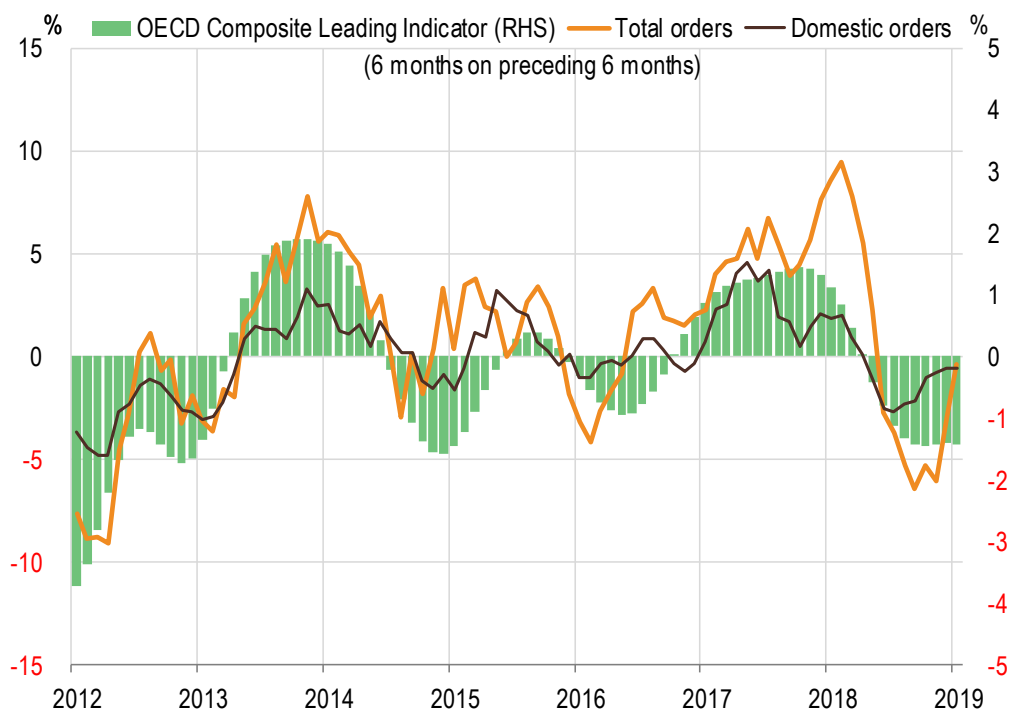


### Germany : Tentative signs of recovery as orders are about to stabilise

GDP has been stagnant since the mid-2018, largely because of the falling industrial activity. In March, the manufacturing PMI reached 44.1, pointing to the sharpest contraction in output since mid-2012. However, the tide could be changing. For example, the IFO business climate indicator strengthened in March, following six consecutive months of decline. Nevertheless, confidence in the manufacturing sector remained on a downward trajectory.

Industrial orders started the year rather weak, as they came in 3.6% lower in January than in previous month. Nonetheless, they were at about the same level as during the preceding six-month period. Based on past experiences, this stabilisation could announce an imminent turning of the cycle.

But some prudence is warranted as these order movements are partly due to special factors, such as a catch-up effect in the car industry after the problems related to the introduction of new exhaust regulations. Moreover, the risks of a no-deal Brexit are still weighing on the economy.



Source: Deutsche Bundesbank, OECD