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Western European Indicators and Insights

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Andrew Wroblewski
Chief Economist, Eurozone and UK

London
+44 20 7959 3244
awroblewski@decisioneconomicsinc.com

Germany: Orders recover.

Coming in above expectations for once, manufacturing orders jumped 2.8% M/M in April, an upside surprise accentuated by an upward revision to the preceding month now showing a slump of 2.7% (1.3 percentage points lower than previously envisaged).

The marked weakness in March was also widespread across sectors, albeit most severe within capital goods, the latter possibly a result of the sharp fall back in orders for big-ticket items. The April data look to be a mirror image with a broad gain led by capital goods.

While calendar effects may have caused some of the swing in between March and April, the data is still consistent with some fall back in the pace of orders growth. Indeed, the three-month pace of growth slowed almost by another point to 1.6%, undermined by still weak growth in regard to consumer orders

This softening in the pace of orders growth echoes the less upbeat message from factory sector surveys regarding orders. As a result, while probably further evidence of a softer global economy, these orders data therefore offer more reason for circumspection regarding the both the German and Eurozone economic backdrop.