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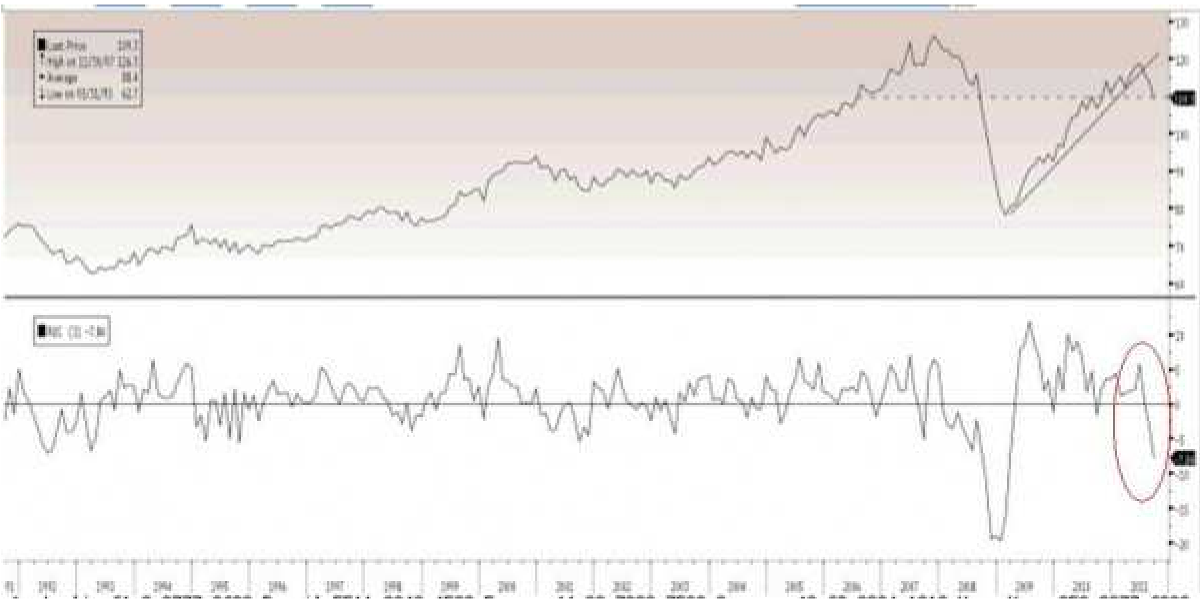
About that last bastion of health in Europe

Posted by **Izabella Kaminska** on Nov 04 13:18.

Here's a nice chart showing German new factory orders from Sean Corrigan at Diapason Commodities:



As Corrigan notes to FT Alphaville, orders have now suffered their worst three-month run in post-Reunification times (apart from the 2008 crash). The latest data on Friday has them falling at a 28 per cent annualized rate, taking the total back to where it first stood over five years ago.

Unicredit economist Alexander Koch, however, felt there were some seasonal factors to consider and that stripping out transport equipment orders might also make sense: (emphasis ours)

> *The data: German new orders unexpectedly plunged 4.3% mom in September (UniCredit: -0.5%; Consensus: +0.1) after already -1.4% in the previous month. The monthly decline was driven by lower intermediate and capital goods orders.* ***EMU capital goods orders were even down 16.1% mom.*** *In contrast, consumer goods orders were up substantially 2.3% mom.*
>
> *The interpretation: The high volatility in bulk orders once again heavily biased the overall manufacturing order figures. According to the Ministry of Economics the extent of big ticket orders was very low in September, as already in August. Moreover, it was reported that seasonal adjustment problems, due to the timing of the summer holidays, have possibly further amplified the latest decline.* ***On a quarterly basis new orders were down a very strong 3.6% in 3Q11, following still robust +3.2% qoq in spring. The abrupt and drastic turnaround in dynamic was, however, driven mainly by a harsh correction in other transport equipment orders (trains, airplanes and ships) (see chart).*** *Core orders, excluding other transport equipment, were also down in the third quarter, but by a much lower 0.8%, following a slightly negative dynamic of -0.2% qoq already in 2Q.* ***Without any doubt, industrial demand dynamic has weakened substantially at the beginning of the second half of the year, but more smoothly than suggested by the mere monthly headline figures.***

Make of it what you will. We are more sold on the bearish case.

Related link:
German Factory Orders Unexpectedly Plunged 4.3% in September - Bloomberg

This entry was posted by Izabella Kaminska on Friday, November 4th, 2011 at 13:18 and is filed under Capital markets. Tagged with economy, germany, new factory orders.

Comments

Arab spring has nothing to do with this it's purely the austerity that the German's are demanding from the rest of the Eurozone.

Fewer orders coming from all their main trading partners are the inevitable result.

Here is what I see on the right:
Sovereign CDS Pricing
[...]
Germany 84 -5 (-5.2%) 12:00
United Kingdom 85 -2 (-2.5%) 12:00

Given their client base would Arab spring have anything to do with this?
