

# German manufacturing

## German output surges higher following robust growth of new orders

- **Production rose 1.4% in February.**
- **New orders up 2.4%.**

Buoyant growth of manufacturing output in February, a 1.4% jump in production compared to January, followed similarly upbeat data earlier this week showing solid growth of new orders. The latter rose 2.4% in February, building on a 3.1% increase in January.

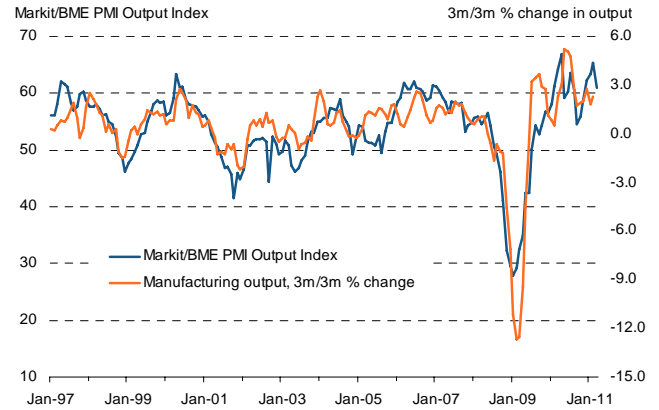
The data also indicate that domestic demand continued to strengthen in Germany, which means manufacturers are boosting production not just to meet surging export sales but also to meet home demand. Consumer goods production rose 1.4%, below the 1.6% gain in capital goods production but adding to signs of stronger consumer spending in Germany. This is welcome news for the sustainability of the current strong pace of economic growth.

A 3.4% leap in construction output, attributable to clement weather allowing early starts to spring projects, helped push the wider measure of industrial production up an even stronger 1.6%.

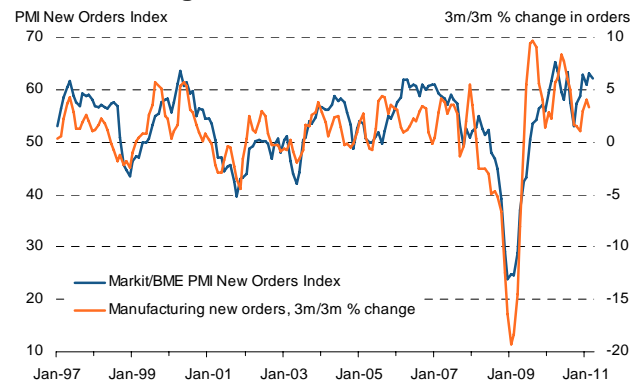
The official data are a little weaker than the indication from PMI data, which suggest that we might expect to see further strong momentum to be carried through to the official data in March. We have therefore not changed our expectation that Germany looks to be on course for its economy to have grown by 1.5% in the first quarter, almost double the 0.8% growth rate we expect to see for the Eurozone as a whole.

The manufacturing data for Germany contrast with data published this week by the Office for National Statistics, which showed that the UK recovery stalled in February. Output was unchanged compared to January. Comparing the UK to Germany since January 1997, German production has risen 33% but a 3.6% fall has taken place in the UK. The divergence also widened to a near-record high in February.

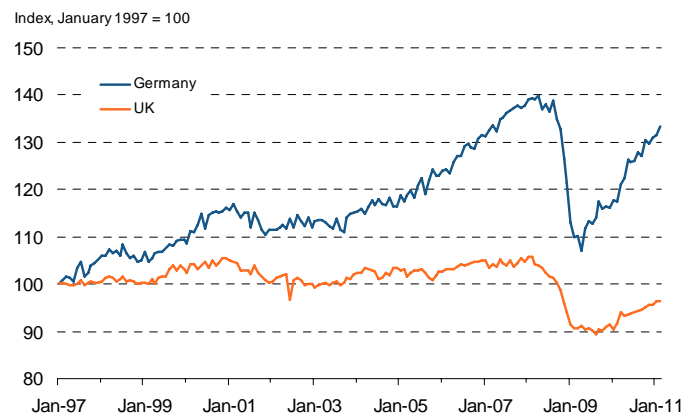
### Manufacturing Output



### Manufacturing new orders



### German and UK manufacturing output



Sources: Markit, FSO, ONS.

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