

European mechanical engineering
Covid-19 has left its mark

EUROTRANS General Assembly

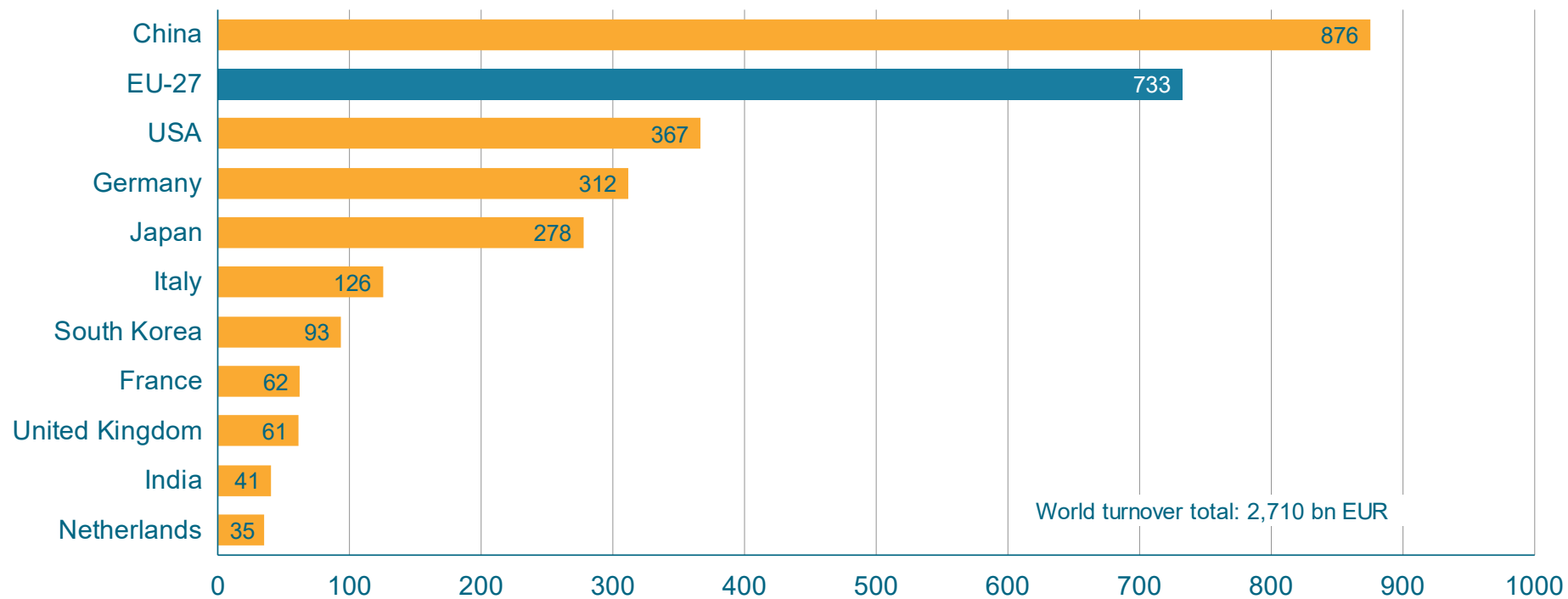
online, September 29th 2020

www.vdma.org

World machinery turnover 2019

Top 10 ranking including EU-27

In bn EUR, partly estimated

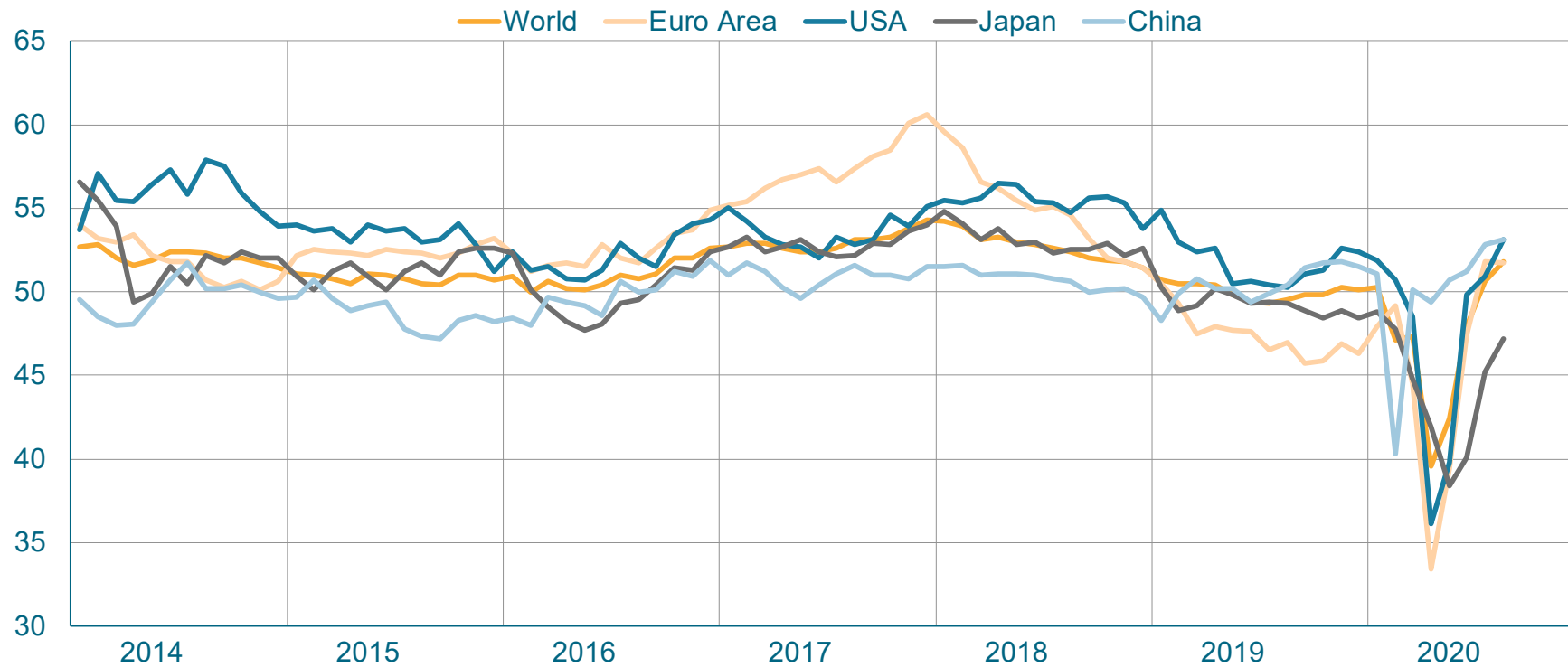


Source: VDMA estimations based on National Statistics, Eurostat and UNIDO.

Purchasing Managers' Indices Manufacturing



Indices (50 = no changes)

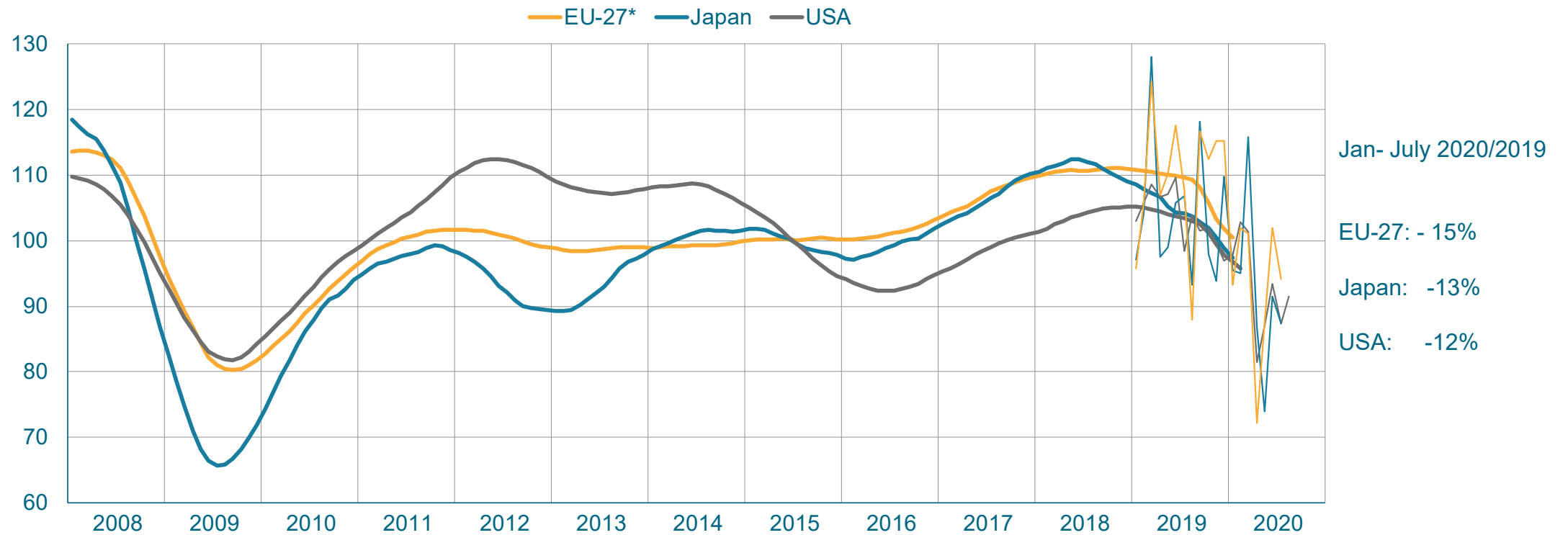


Source: IHS-Markit, Macrobond

EU / USA / JP: Machinery production



Volume index, 2015 = 100 and 12-months moving average



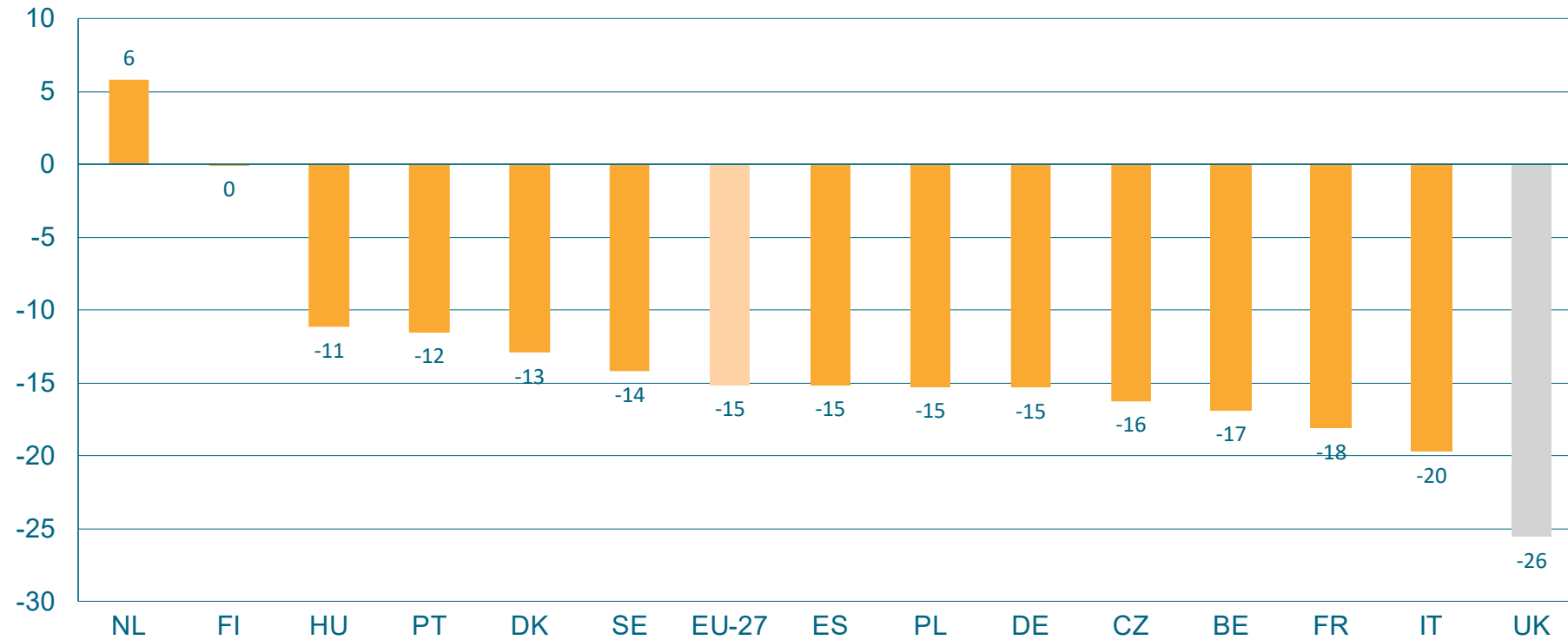
Source: National Statistics, VDMA, Macrobond

*) NACE rev. 2 28.

EU & UK: Machinery production



January - July 2020/2019, %, real



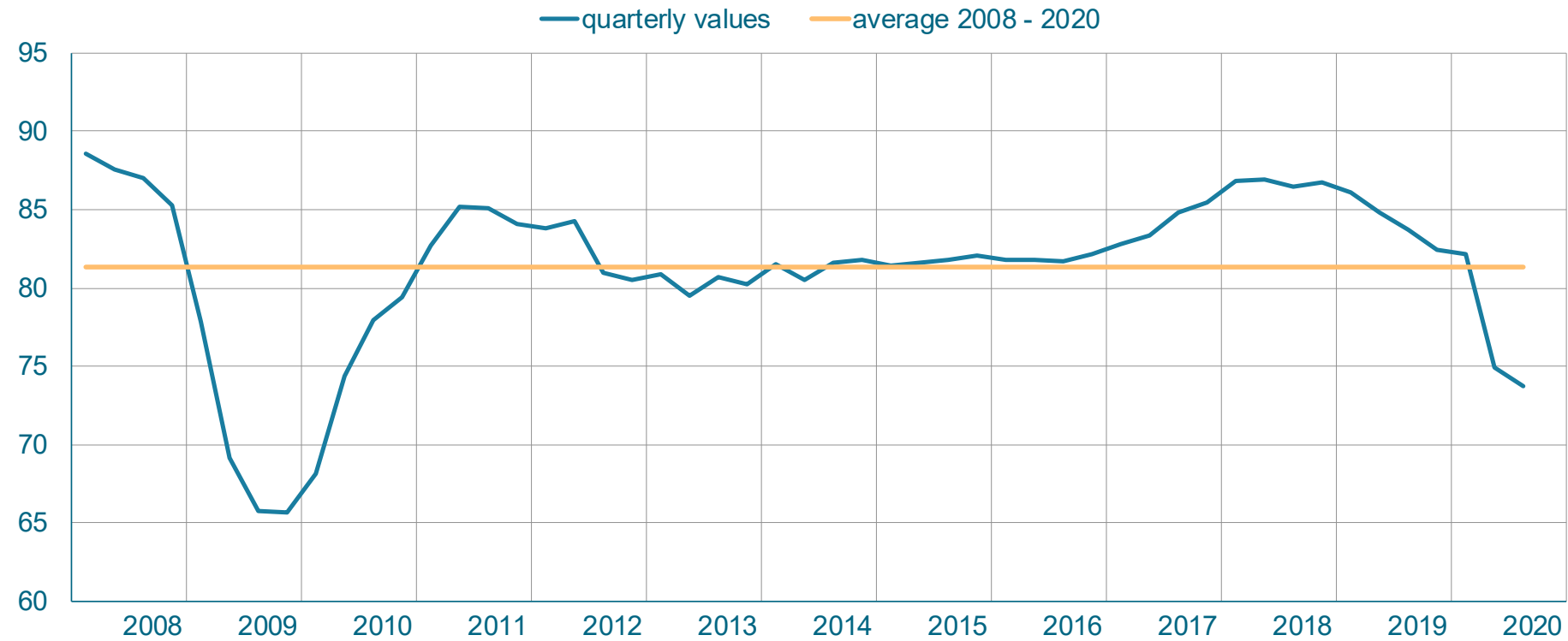
Source: Eurostat, Macrobond, VDMA

*w/o Austria, since results not published yet.

EU: Capacity utilization in mechanical engineering industry

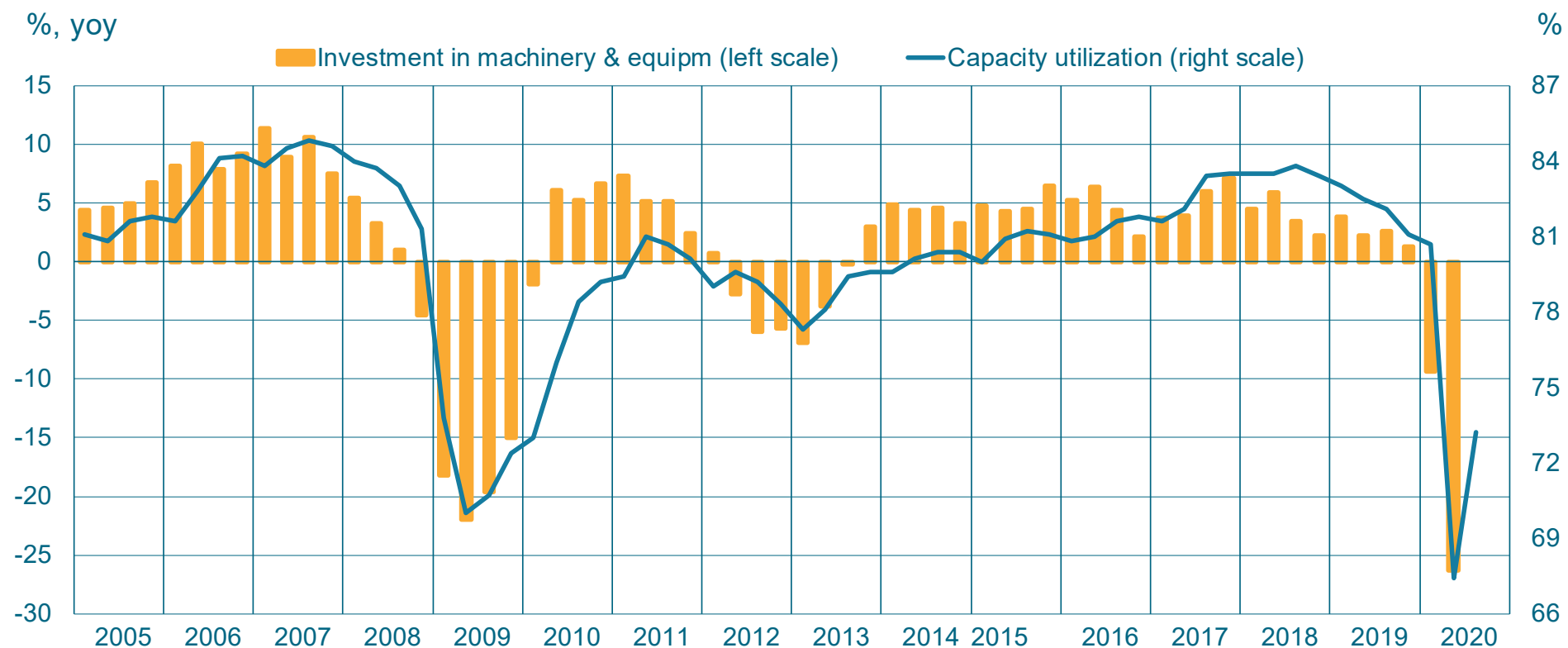


In % of full capacity level of output



Source: EU DG ECFIN, Macrobond

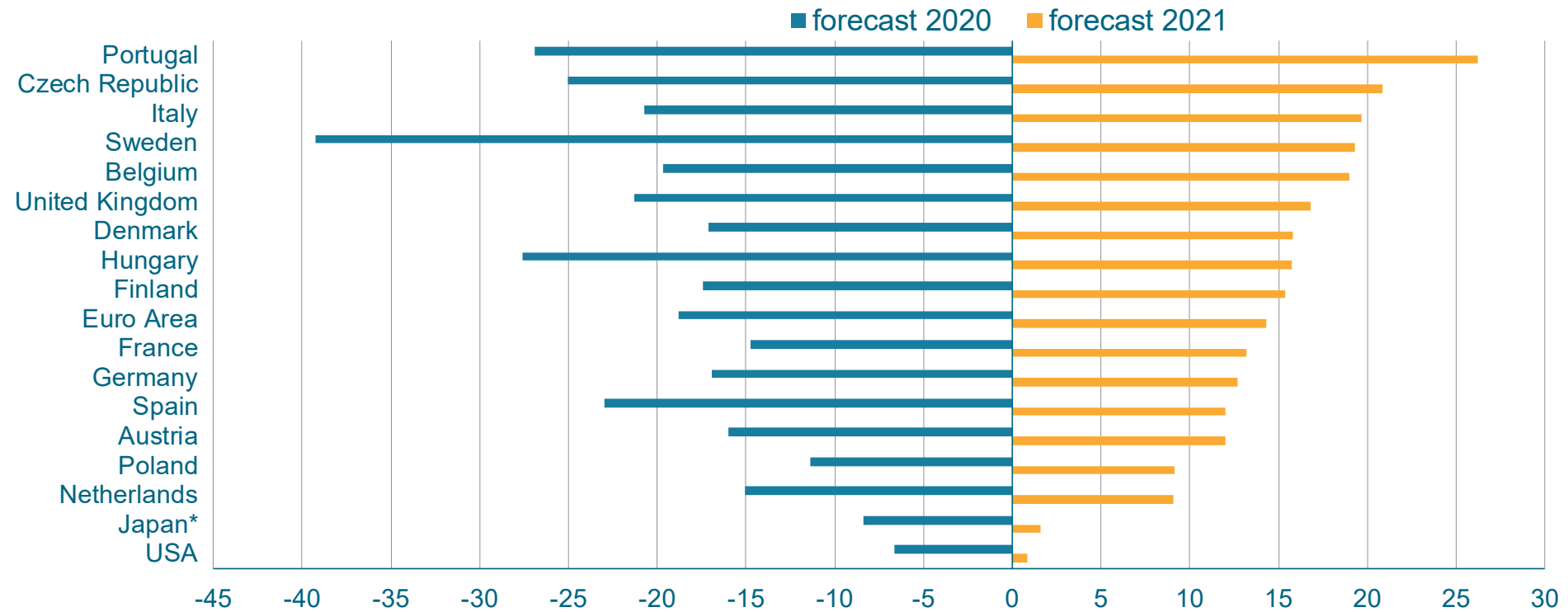
EU: Capacity utilization in manufacturing industry and investment in machinery & equipment



Source: Macrobond, VDMA

EU, USA and Japan: Investment in machinery and equipment

Volume (percentage change on preceding year)



Source: European Commission

*) Gross investment.

EU: Confidence indicators of machinery industry



Balance of positive and negative answers, seasonally adjusted



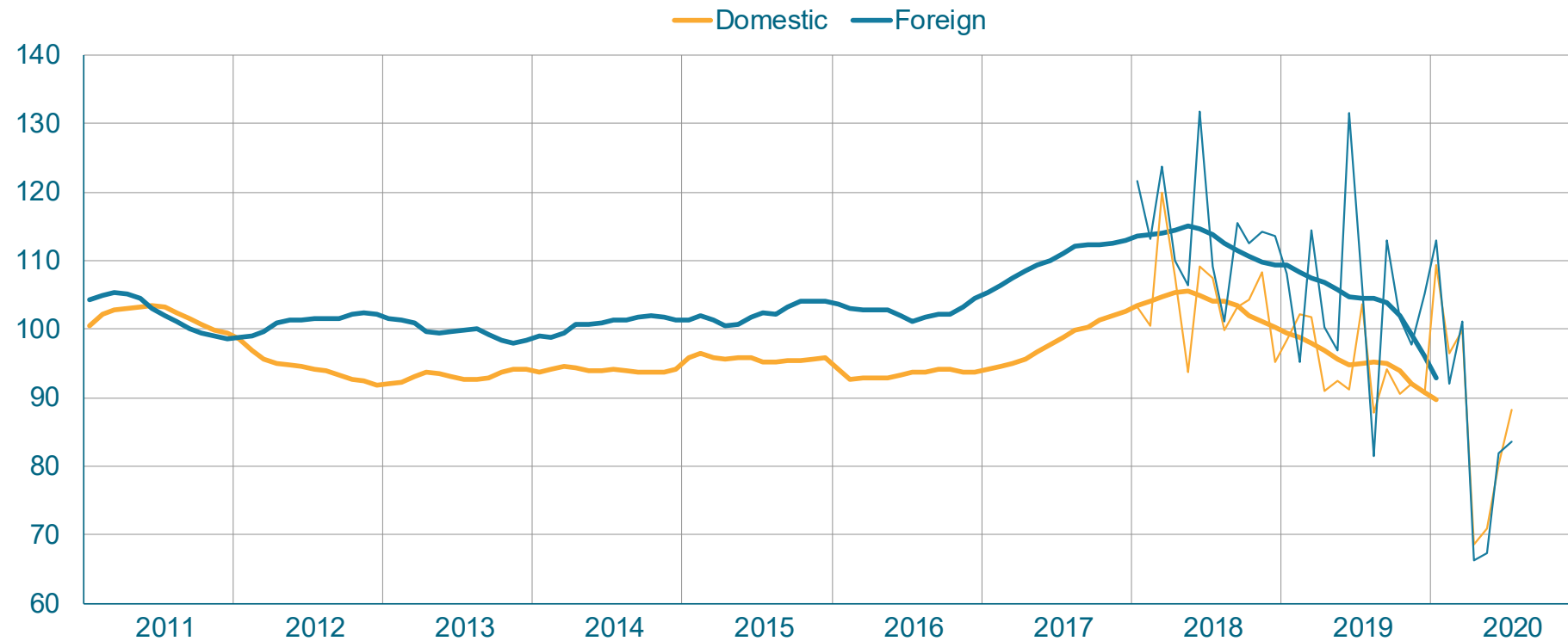
Source: EU Commission, Macrobond

Germany: Incoming orders in mechanical engineering

Domestic and Foreign



Volume index 2015 = 100



Jan.-Dec. 2019/18: - 9 %
Jan.-July 2020/19: - 20 %

Jan.-Dec. 2019/18: - 9 %
Jan.-July 2020/19: - 10 %

Source: VDMA

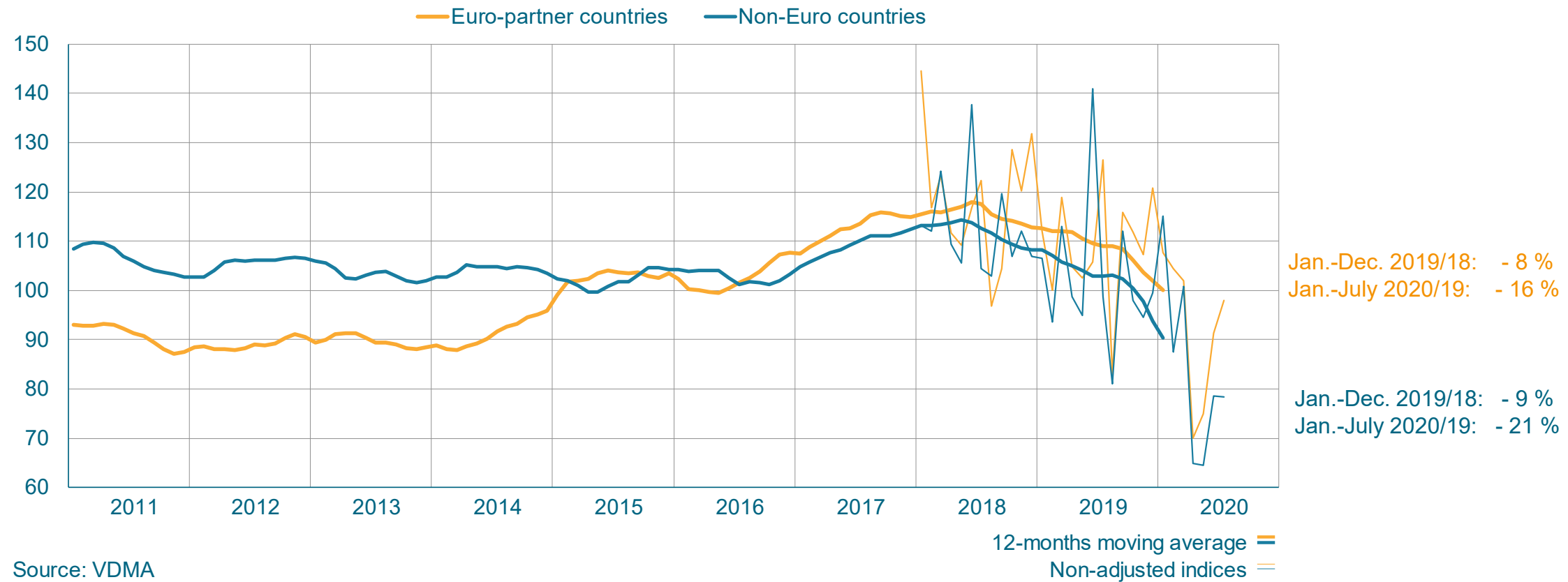
12-months moving average —
Non-adjusted indices —

Germany: Incoming orders in mechanical engineering

Euro-partner and non-Euro countries



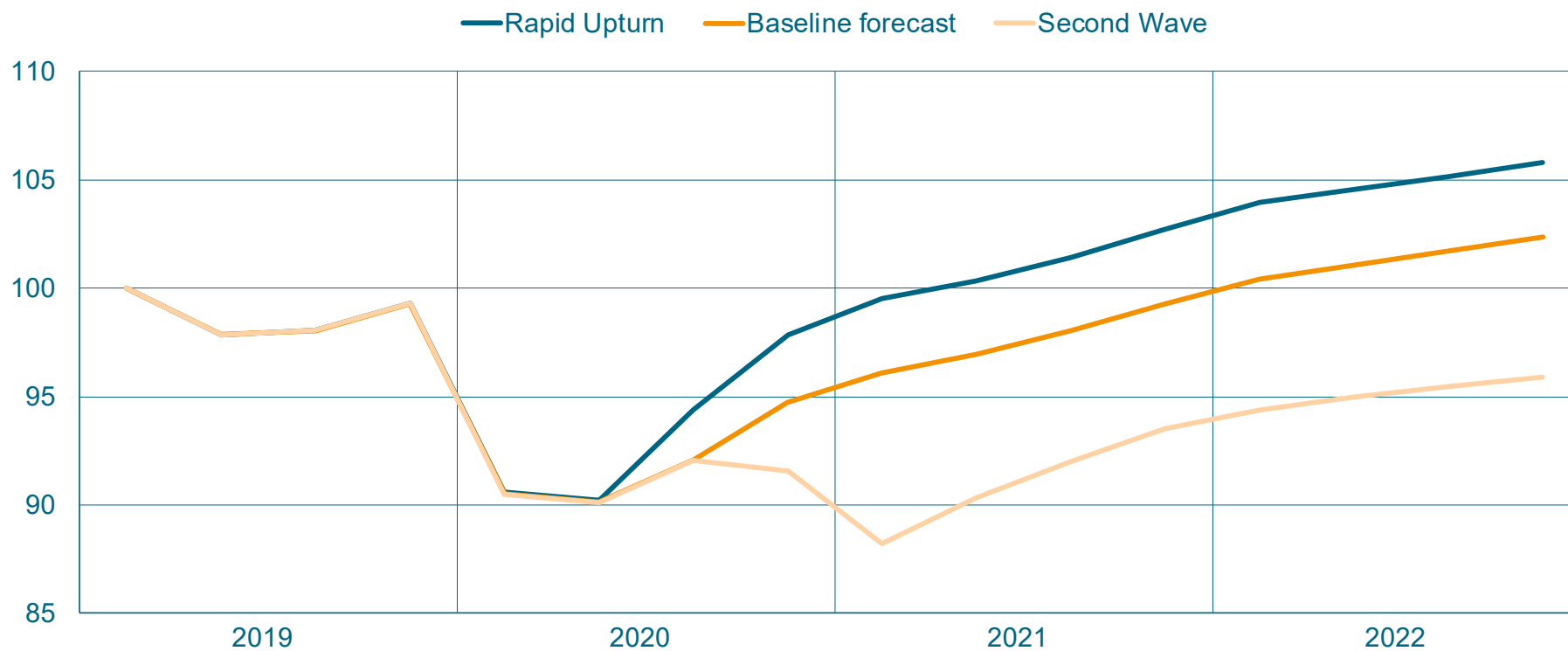
Volume Index, Turnover 2015 = 100



Source: VDMA

World: Machine production Scenarios and Forecasts by Oxford Economics

Index 2019Q1 = 100

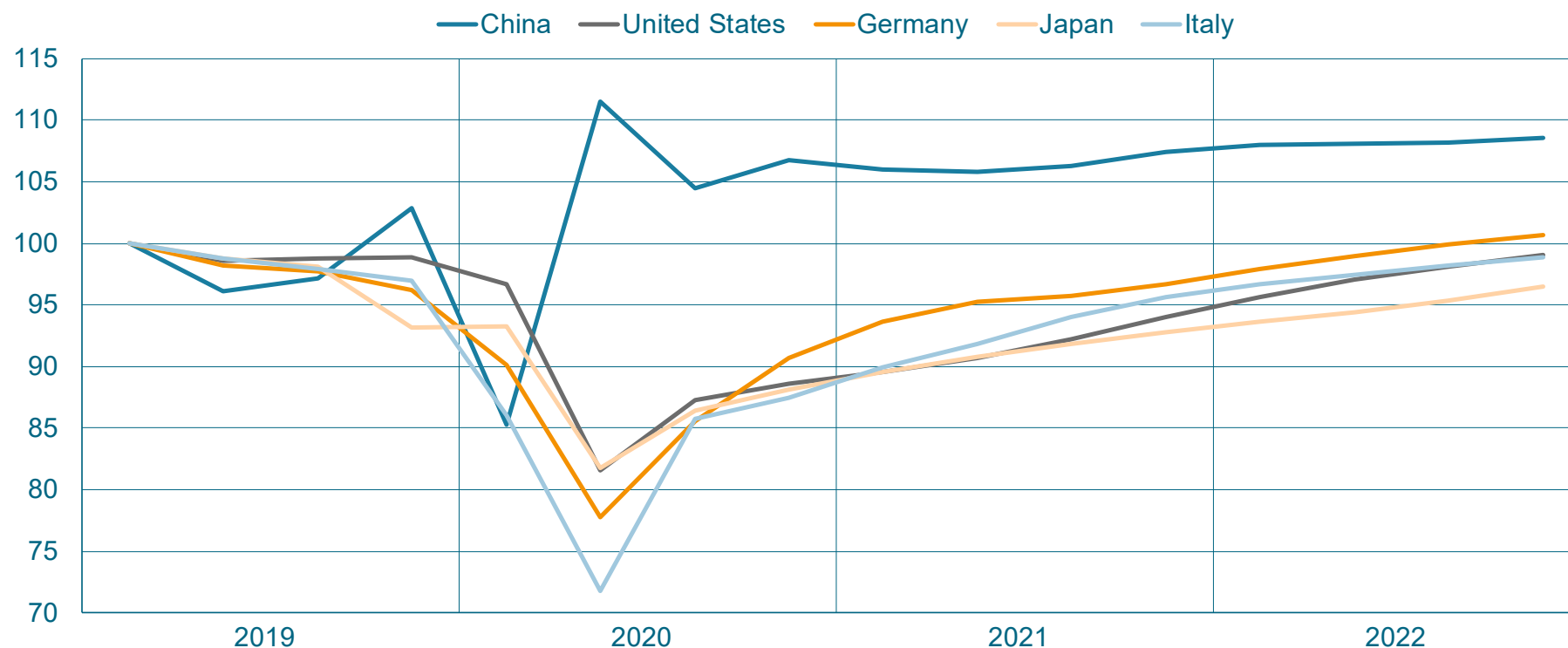


Source: Oxford Economics (8th Sept 2020)

Machine production in top 5 countries

Baseline Forecasts by Oxford Economics

Index 2019Q1 = 100



Source: Oxford Economics (8th Sept 2020)

Your contact.



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Oxford Economics Baseline Scenario



- Global production will remain limited in the near future due to ongoing social distancing measures. However, with a broad-based, reliable track and trace network and expanded testing capacity, increased activity is possible in the second half of the year.
- A major global second wave of Covid-19 will be avoided.
- Fiscal policy offers significant support in 2020 and into 2021, especially in advanced economies. In Europe, the EU's economic stimulus fund is expected to support the recovery and reduce divergences between the eurozone economies.
- In emerging markets, the recovery is uneven and normalization is much less visible. Household spending in China is increasing only slowly, but an economic recovery seems to be underway.
- World GDP: 2020 minus 4.3 percent | 2021 plus 5.7 percent, supported by a complete easing of social distancing.

Source: Oxford Economics, published: September 8th 2020

Oxford Economics alternativ scenario „Rapid Upturn“



- Advances in testing capacity and vaccines lead to a relaxation of restrictions in public life, fewer infections than in the baseline scenario.
- Business and household confidence returns and their activities accelerate.
- The recovery is supported by additional fiscal incentives from those governments with fiscal maneuverability.
- Rapid recovery ensures that economic damage is minimized.

Source: Oxford Economics, published: September 8th 2020

Oxford Economics alternativ scenario „Second infection wave“



- The recovery of the global economy will be halted by a second wave of coronavirus infections, which is expected to peak in Q1 2021.
- The resulting blockades will trigger a further contraction of the economy and market contraction. Unemployment rises significantly, reaching 10.7 percent on a global average.
- Public support is proving to be more limited and less effective than during the first wave of COVID-19.
- Persistent public health concerns are weighing on confidence and activity in the medium term. Due to reduced capacity utilization in the manufacturing industry, demand for capital goods also remains weak.

Source: Oxford Economics, published: September 8th 2020