

The background of the slide is a dark, industrial scene. On the right side, a mechanical tool, possibly a laser cutter or a grinding wheel, is shown in the process of cutting or grinding a metal surface. This action produces a bright, intense burst of orange and yellow sparks that fan out towards the left. Overlaid on the left and center of the image is a line chart with multiple data series. The lines are thin and colored in shades of blue, teal, and orange, showing various peaks and troughs that represent economic data. The overall lighting is dim, with the primary light source being the sparks from the industrial process.

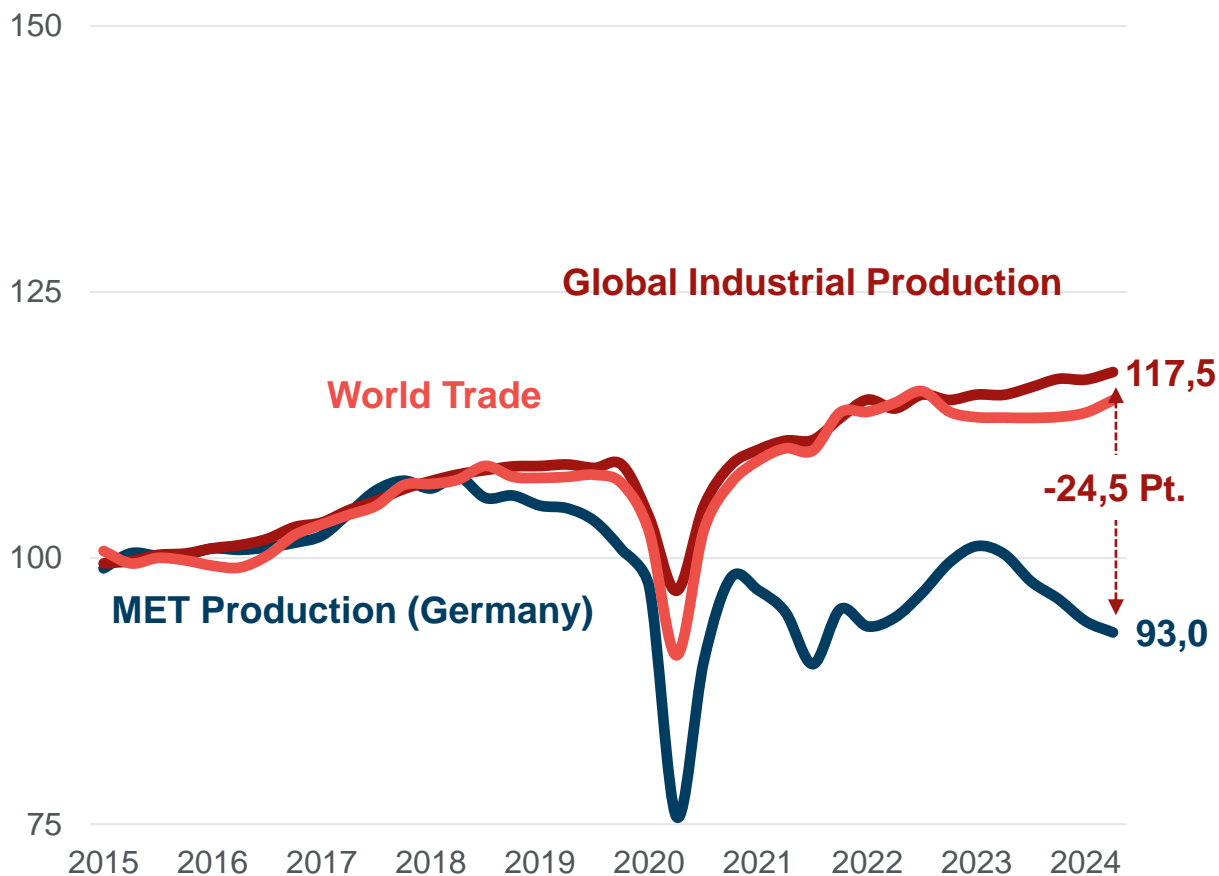
MET Business Cycle Report

Location Crises Keep MET Industries in Recession – Workforce Reductions Accelerate

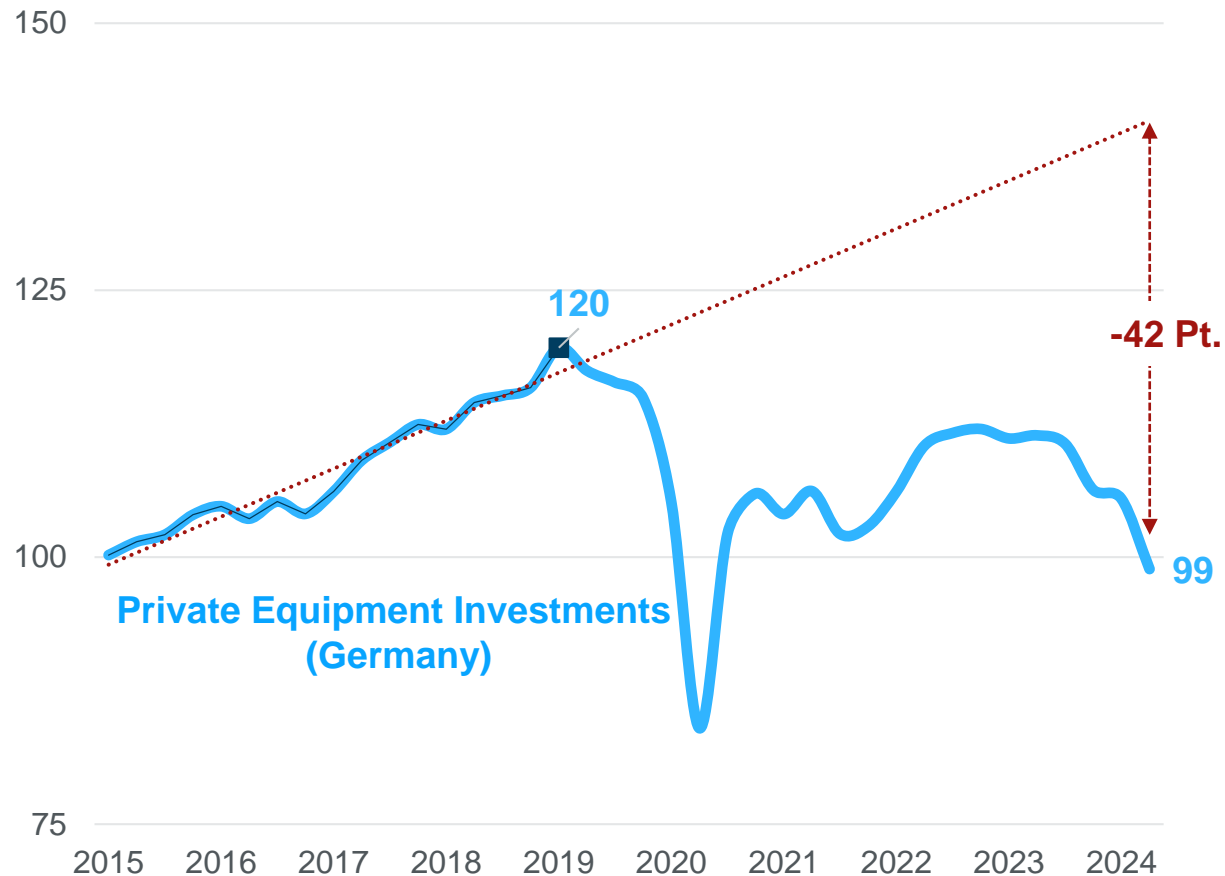
- Significantly **deteriorated location conditions** are hindering competitiveness in export markets, while also causing domestic investment to collapse. The MET industries are heavily impacted by the effects of these location crises.
- In August, **new orders** fell by 7.2% compared to the previous month. The temporary stabilisation in June and July was due to individual large orders. However, the downward trend remains unbroken, with the order backlog of MET companies being increasingly poorly rated. The balance fell to its lowest point since the peak of the COVID-19 crisis in October.
- **MET production** stabilised seasonally in August, though this was due to the early end of holidays in some federal states. Nevertheless, a sixth consecutive recessionary quarter is likely. Due to continued declining utilisation, production plans were further downgraded in September and October.
- The downward trend in **revenue and sales** was slowed in August, which, similar to production, was supported by early plant holidays at some locations. However, from January to August, revenue was still 4.5% and price-adjusted sales 6.1% below the previous year's period. Despite a robust global economy, exports and export expectations continue to decline.
- The number of **MET employees** in August was 0.8% below the same month last year. The absolute year-over-year decline almost doubled compared to July, with a decrease of -31,000 employees. MET companies' personnel plans collapsed in September and October, raising concerns of an accelerated decline in employment.
- The **MET business climate** also deteriorated in October. Although expectations were slightly less pessimistic than in September, assessments of the current situation and specific company plans for the coming months worsened further. Stabilisation or an economic turnaround remains out of sight.

Competitiveness & Investment Crisis – Location Conditions Heavily Burden MET Industry

MET Production vs. Global Industrial Production & World Trade
Price-, Calendar- & Seasonally Adjusted Indices (Avg. 2015 = 100)











Equipment Investments of Non-Governmental Sectors in Germany
Price-, Calendar- & Seasonally Adjusted Index (Avg. 2020 = 100)



Sources: CPB WORLD TRADE MONITOR, Industrial production volume excluding construction, Production weighted, seasonally adjusted;
National Accounts, Series 18 Row 1.3, Federal Statistical Office, Revised and Reindexed Values

Annual Overview 2024: MET Industry in Recession – Labour Costs Increase Noticeably

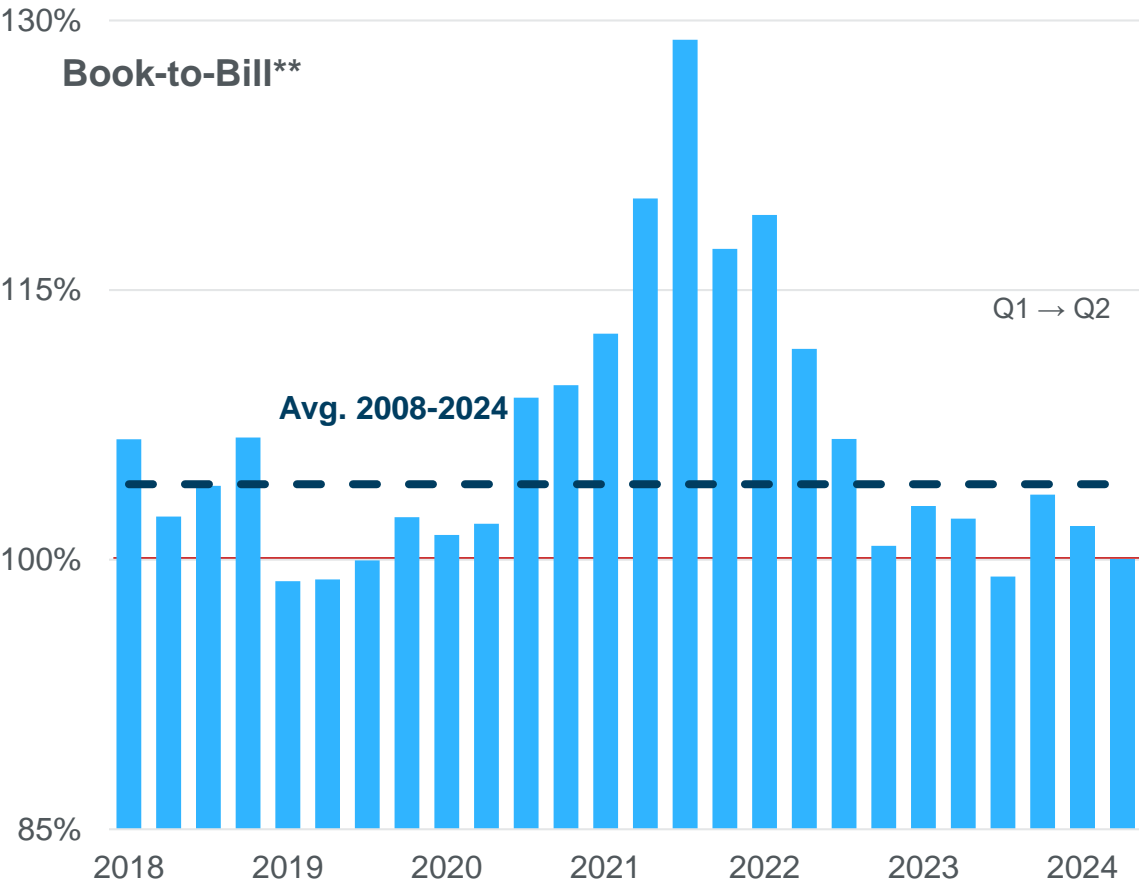
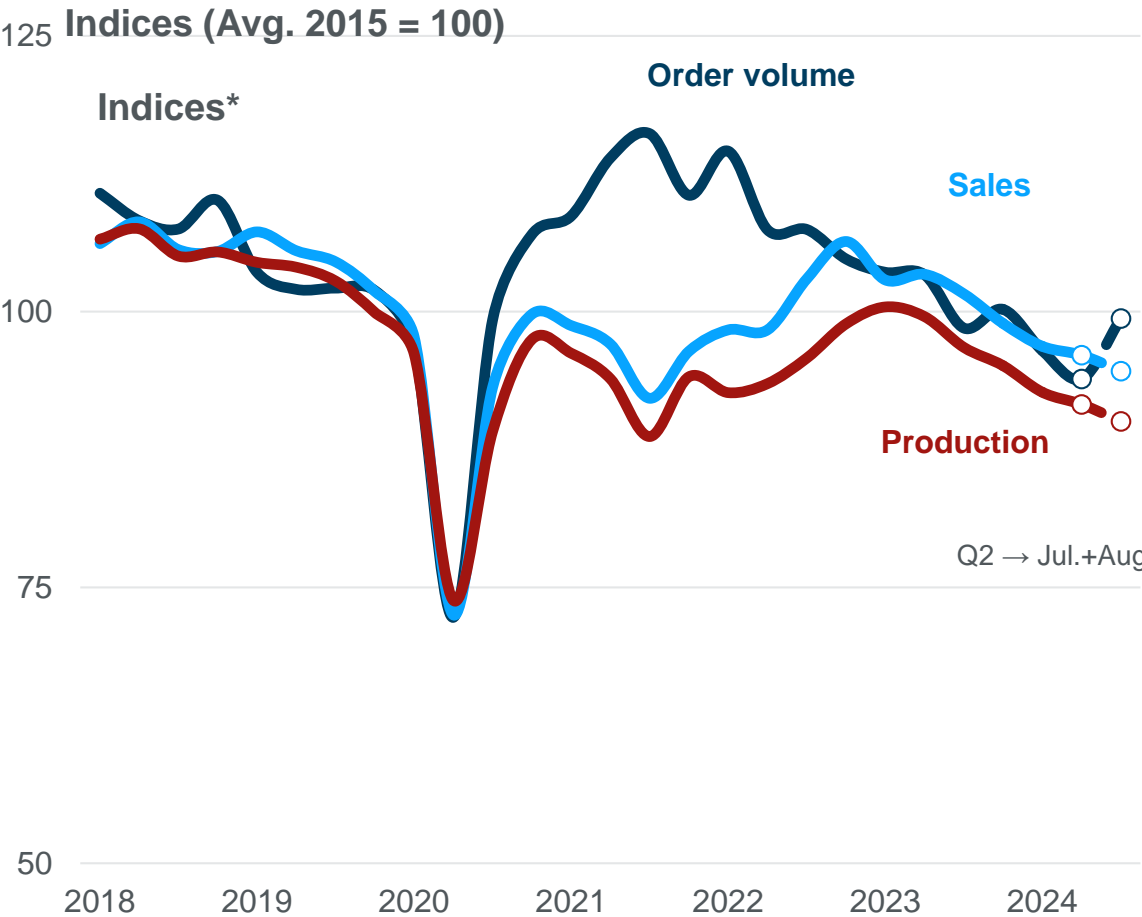
	Real**	Nominal		Nominal
 New Orders* (Δ Jan.-Aug.)	-6.4 %	-4.9 %	 Employment (Δ Aug.)	-0.8 %
 Production* (Δ Jan.-Aug.)	-7.1 %		 Hours worked (Δ Jan.-Aug.)	-0.8 %
 Turnover* (Δ Jan.-Aug.)	-6.1 %	-4.5 %	 Wages & salaries (Δ Jan.-Aug.)	+3.6 %
 Foreign Turnover* (Δ Jan.-Aug.)	-5.1 %	-3.1 %	 Unit Labour Costs (Δ Jan.-Aug.)	+11.0 %

Changes in Economic Indicators for the German Metal and Electrical Industry, preliminary values for January to August 2024 compared to the same period last year, Employment: Latest available monthly data, Source: Federal Statistical Office; Gesamtmetall calculations *Calendar and seasonally adjusted values **Price-adjusted values

MET Economic Indicators: Mixed Start to Q3 Due to Large Orders & Holiday Effects

Development of incoming orders, sales & production in the MET Industry

Price, calendar, and seasonally adjusted values, reindexed to Avg. 2015 = 100



Source: Federal Office of Statistics; Gesamtmetall calculations

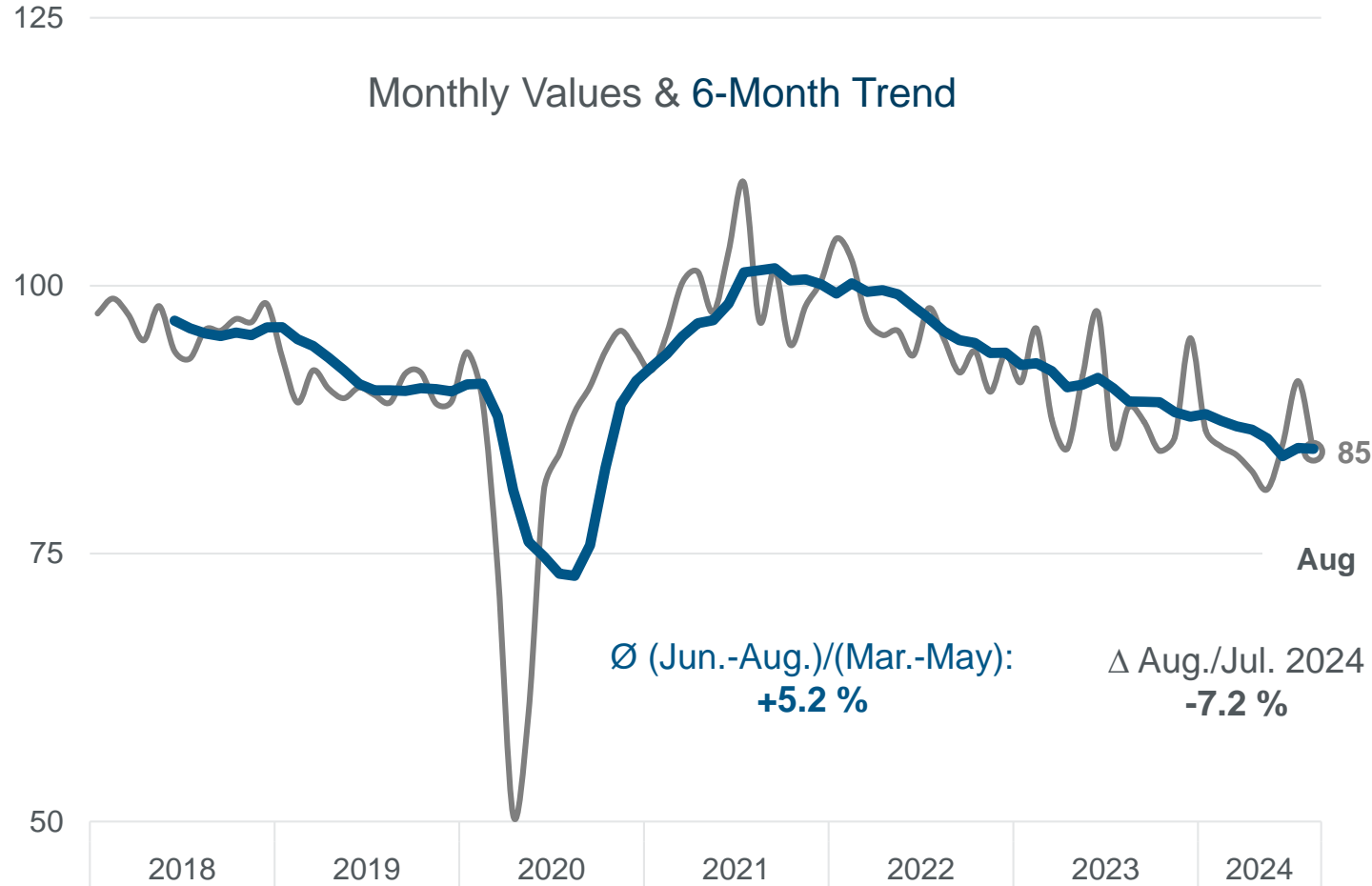
*Reindexed to Avg. 2015 = 100

** Incoming orders in relation to sales

New Orders Plummet in August – Return to Downward Trend

New Orders MET Industries

Price-, Calendar- & Seasonally Adjusted Indices (Avg. 2021 = 100)



Source: Federal Office of Statistics

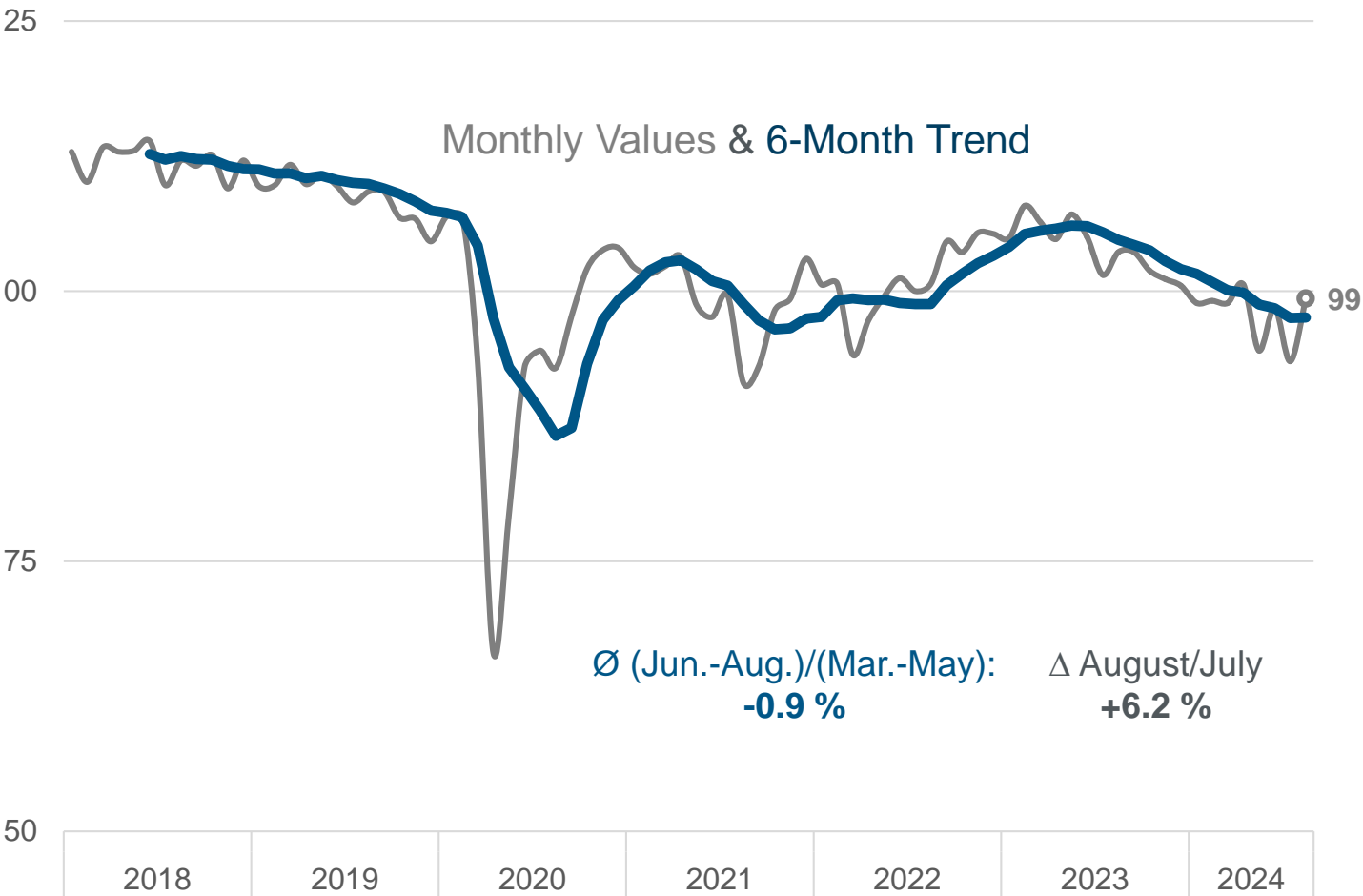
In August, new orders fell by 7.2% compared to July. However, the previous two months were also influenced by large orders. This correction marks a return to the downward trend seen in the first half of the year. From January to August, order intake was 6.4% below the previous year's level.

A turnaround remains out of sight, as MET companies report a continued decline in demand. Over 50% of MET companies are now affected by a lack of orders. Order backlogs are being assessed increasingly negatively—only at the peaks of the financial and COVID-19 crises was the outlook this bleak.

MET Production: Holiday Effects in Summer – Despite Stabilisation, 6th Consecutive Negative Quarter Looms

Production Development in the MET Industry

Price-, Calendar- & Seasonally Adjusted Indices (Avg. 2021 = 100)



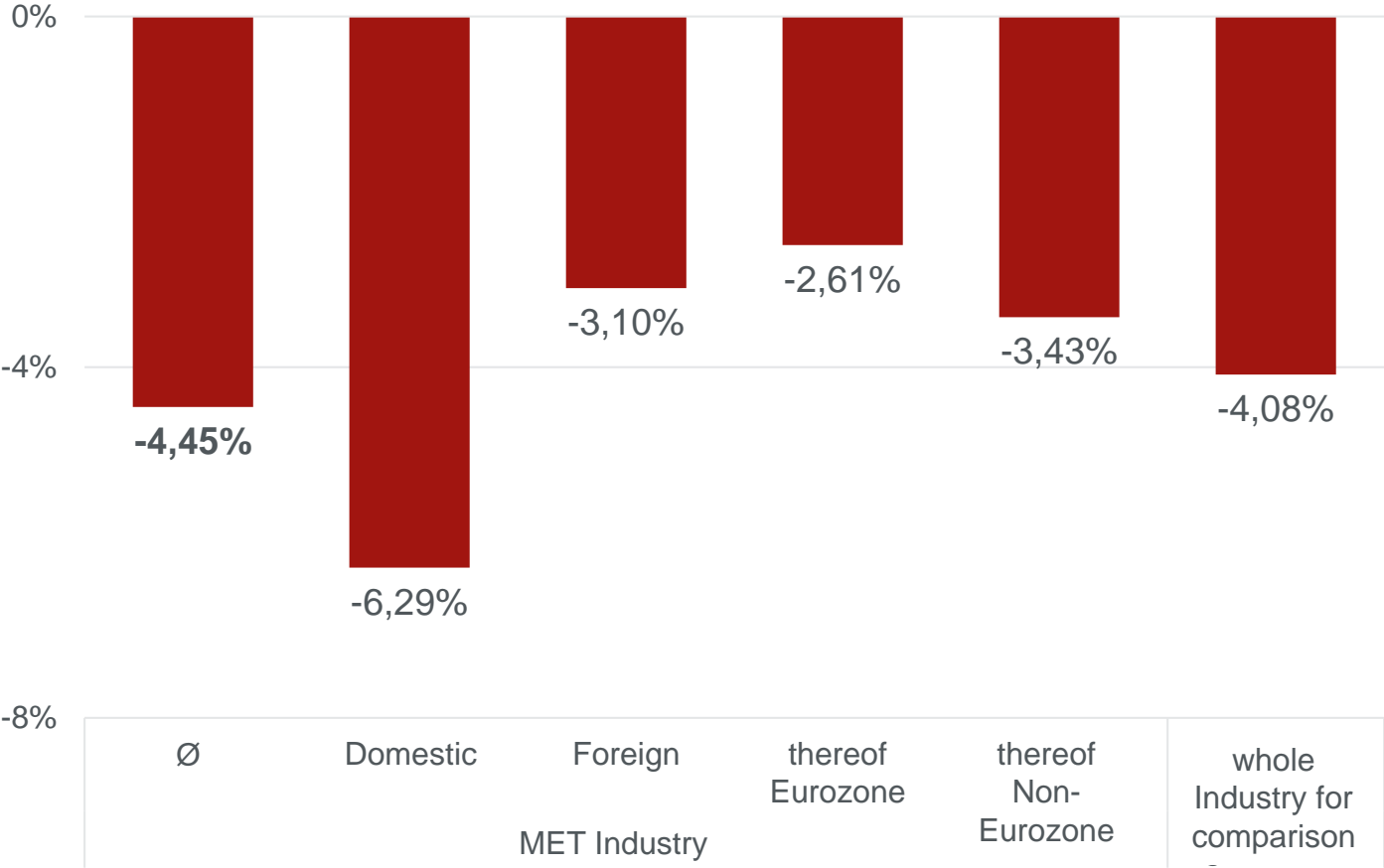
Source: Federal Office of Statistics

After a 5.1% drop in July, MET production stabilised as expected in August, increasing by 6.2% compared to the previous month. This growth was mainly driven by automotive (+19.3%), influenced by the early end of holidays in some federal states. However, this does not indicate a trend reversal. Instead, MET companies are planning to further reduce output due to persistently weak demand. October marked the 17th consecutive month with a net negative balance in production plans, a streak last seen during the 2008/2009 financial crisis. Only during the structural crises of the early 2000s and the early 1990s were the negative phases in the MET industry longer. Therefore, a sixth consecutive negative quarter is likely for Q3-2024.

Revenues Still Significantly Below Last Year – Exports Declining Despite Robust Global Economy

Revenue Development in the MET Industry by Region

Calendar-Adjusted Change Compared to the Same Period Last Year. Δ Jan-Aug 2024/2023



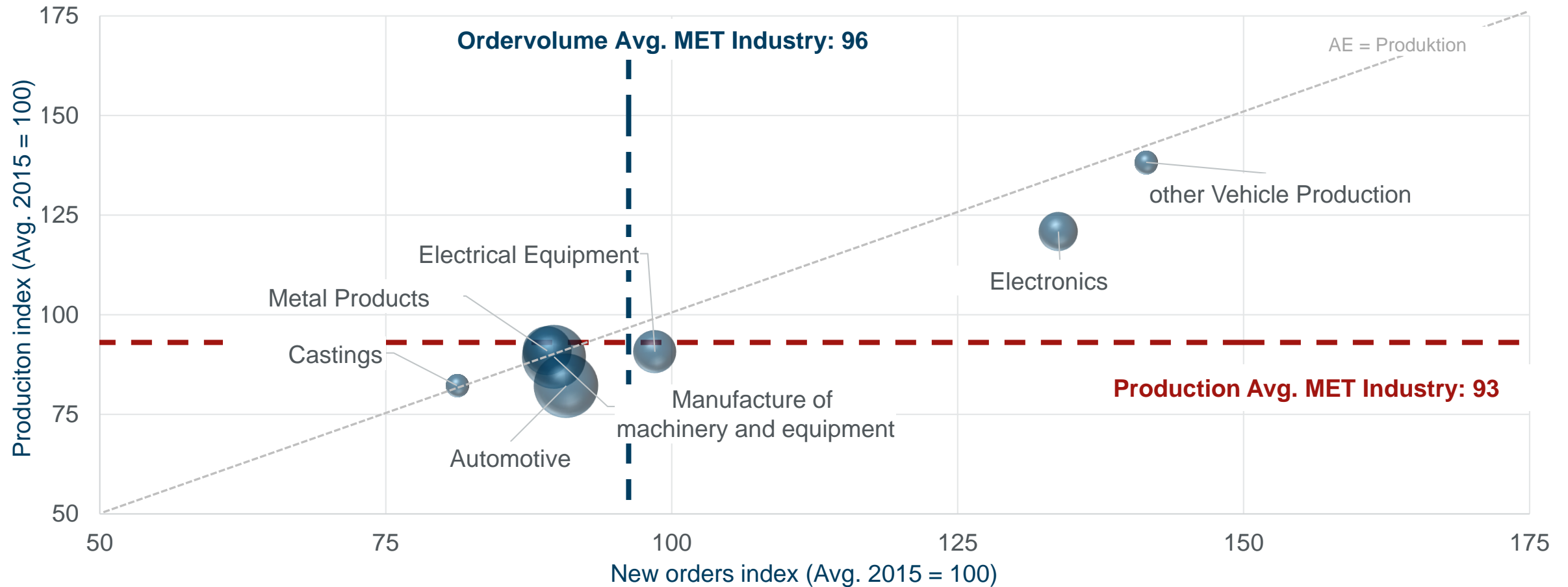
Source: Federal Office of Statistics

The significant decline in revenue and sales from previous months slowed in August. This was mainly due to higher domestic and Eurozone revenues in the automotive sector, largely influenced by the early end of holidays in some federal states, following an above-average drop in July. However, revenues remain lower than last year. Cumulatively from January to August, revenue was 4.5% and price-adjusted sales 6.1% below the same period last year. Given the sharp drop in capacity utilization, expectations for the coming months are also downward. Exports to non-EU regions fell sharply in September, and MET companies further downgraded their export plans in October.

Industry Development: Certain Industries with Special Economic Conditions – Overall Level Remains Very Low

MET Industry Sector Portfolio (Real) January-August 2024

Order & Production Index for MET Industry Sectors*, Price-, Calendar- & Season-Adjusted Values, Reindexed to Avg. 2015 = 100



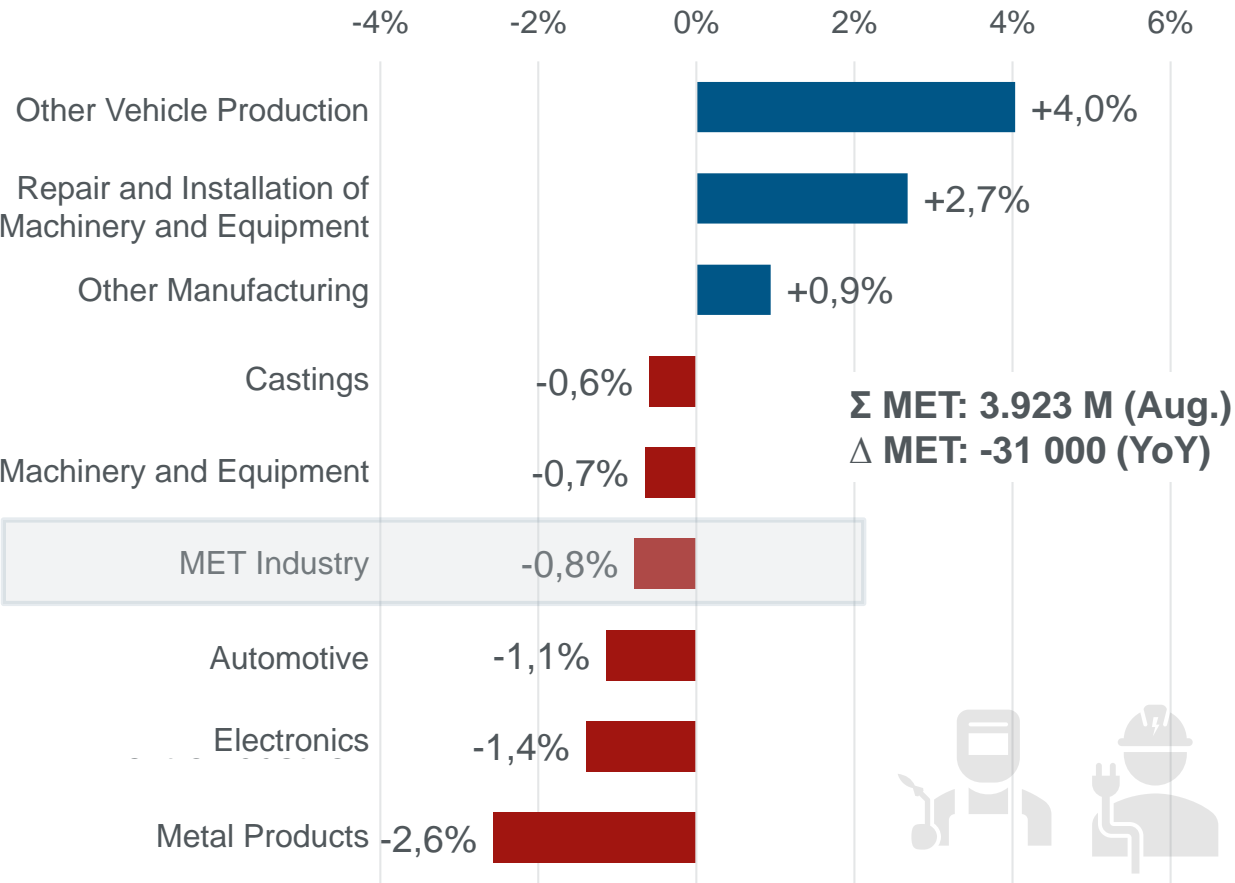
Source: Federal Office of Statistics, Gesamtmetall calculations

*Values without WZ 32+33

Workforce Reductions Intensify Noticeably – Skills Shortages Decrease

Change in MET Employment

by Industry Sectors, Δ Aug. 2024 vs. Same Month Last Year



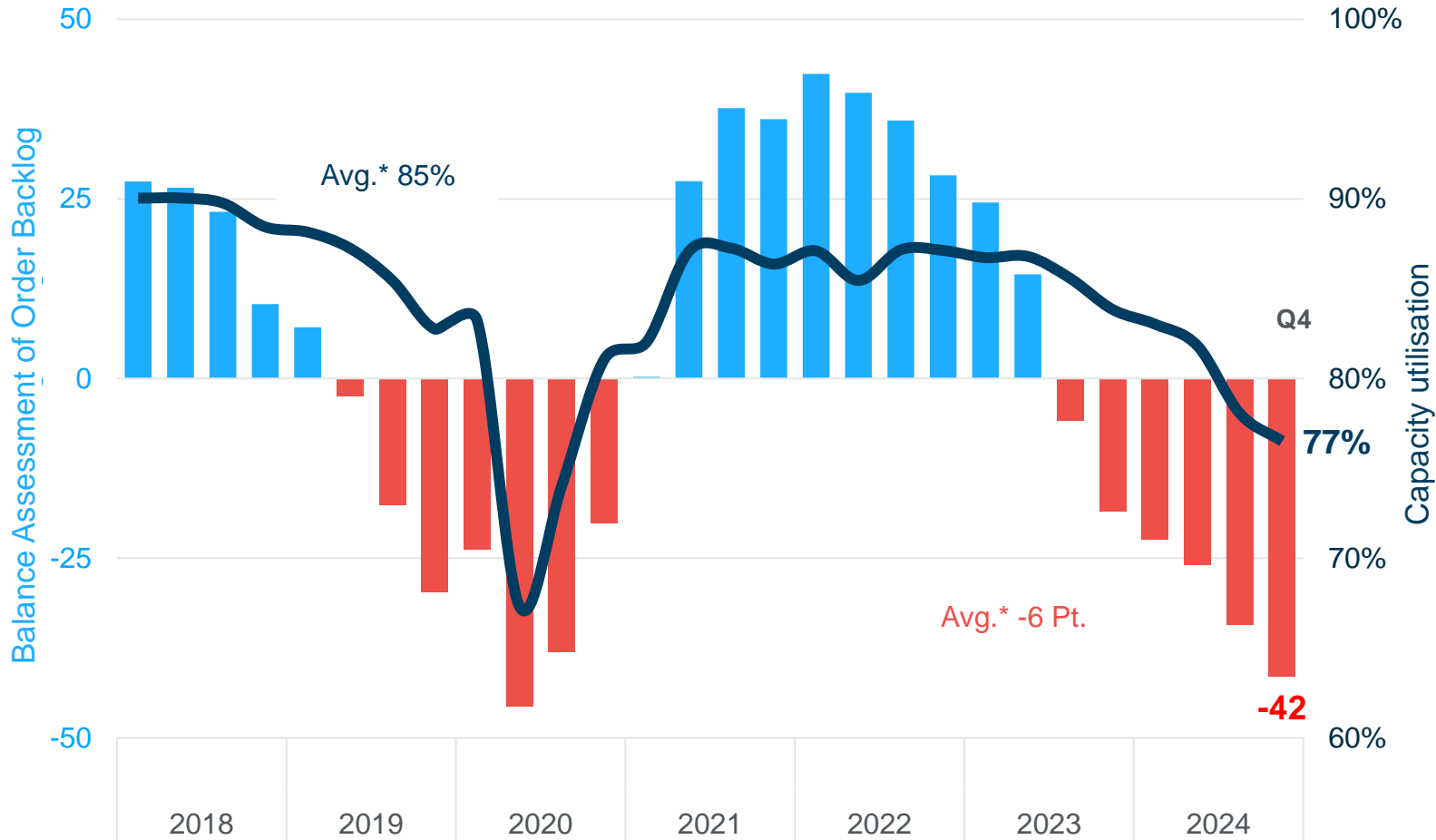
Source: Federal Office of Statistics

In August, approximately 3.923 million MET employees were active. Seasonally adjusted, the number of employees declined for the seventh consecutive month compared to the previous month. Employment was 31,000 workers or 0.8% below last year’s level, doubling the year-over-year decline compared to July. Personnel plans collapsed in September and October, indicating a potential acceleration in workforce reductions. The number of unemployed individuals with MET occupations is already significantly higher than last year, while fewer job vacancies are being reported to the Federal Employment Agency. At the same time, short-time work is on the rise. According to ifo, 28% of MET companies plan to implement short-time work in Q4, the highest level since early 2021. As a result, skills shortages are noticeably decreasing.

Utilization Collapses Due to Persistently Weakening Order Backlog

Order Backlog & Utilization in the MET Industry

Balance of +/- Reports (left); Utilization of Normal Operating Capacity (right)



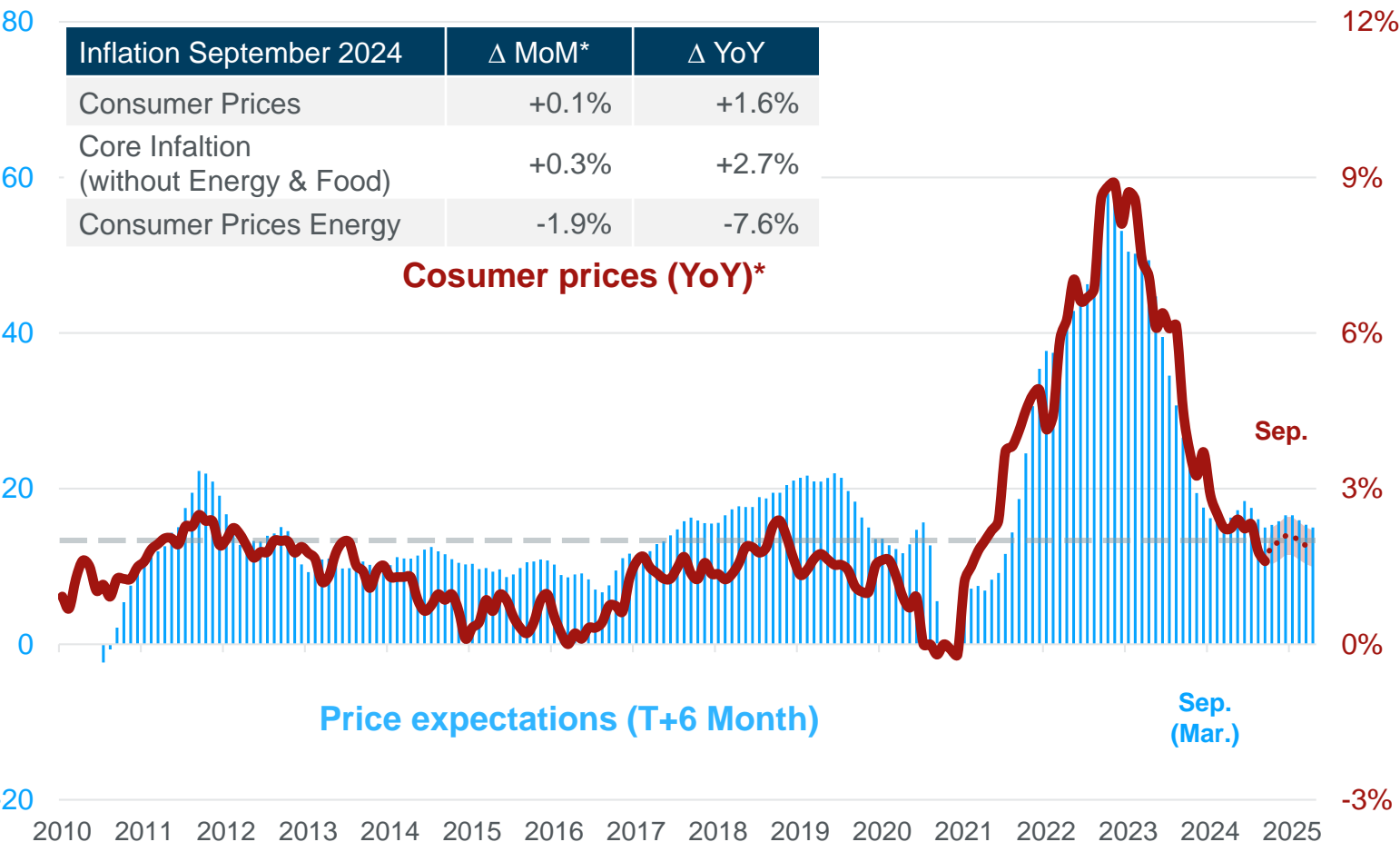
Remaining order backlogs are being increasingly downgraded due to ongoing weak demand and a lack of call-offs. This has led to a dramatic drop in capacity utilization for MET companies: following the Q3 downturn, the utilization rate fell again in Q4 to just 76.5%. This is over 7 percentage points below the long-term average of 85%. Only during the 2009 financial crisis and the COVID-19 crisis in 2020 was utilization lower. All MET sectors are now significantly underutilized on average.

Source: ifo Business Survey *Long-term average since 2002

inflation Drops Noticeably Below ECB Target – Expectations Point to Further Easing

Development & outlook inflation rate

Balance of ifo Price Expectations in the Commercial Sector (left) & Δ Consumer Prices (right)



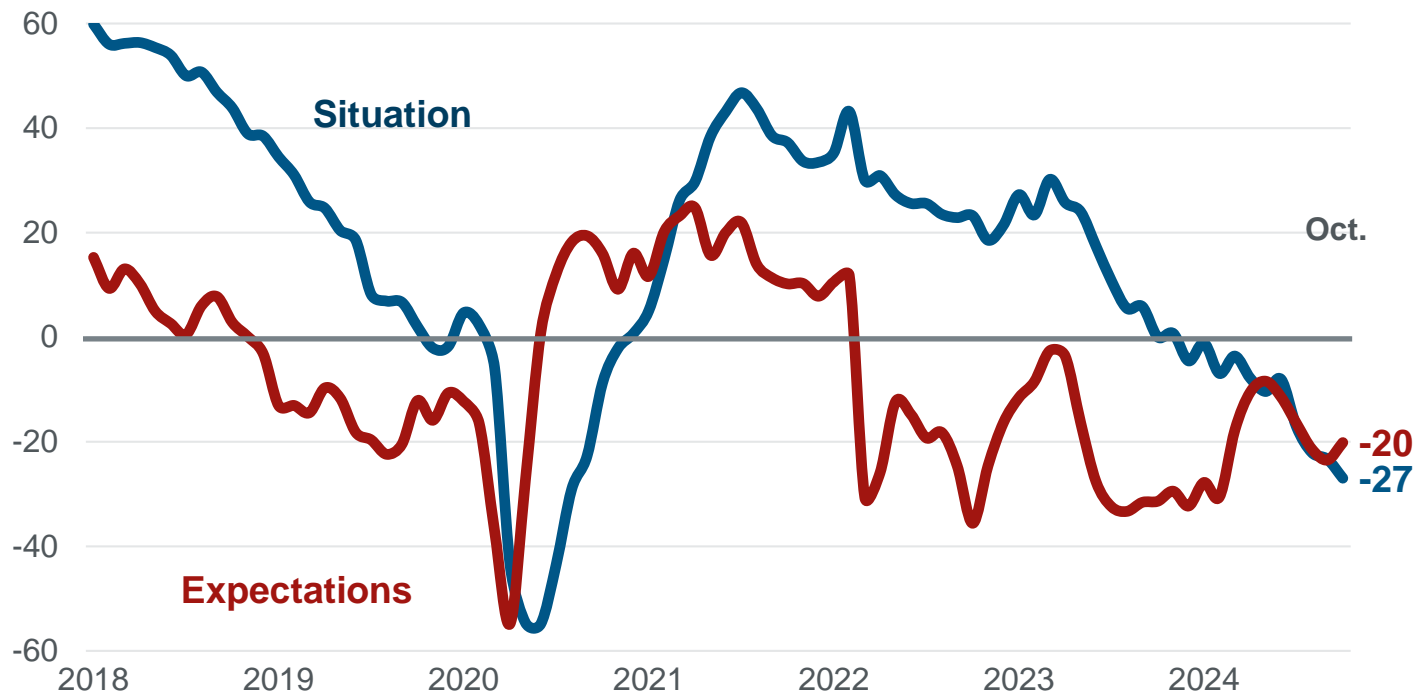
In September, consumer prices were 1.6% higher than the previous year, marking the lowest inflation rate since February 2021. This price increase was noticeably below the ECB target of 2%, with the decline slightly stronger than expected. The drop was again largely driven by base effects in energy prices. Core inflation, however, only eased slightly, with service prices (+3.8%) remaining nearly unchanged. Goods prices (excluding energy) showed mixed developments but overall were just 1.2% above the previous year.

According to the Bundesbank, “recently, price-dampening signals were observed at upstream economic stages.” However, due to the fading of base effects, inflation rates are likely to rise slightly towards the end of the year for technical reasons.

Source: *calendar and seasonally adjusted values from the Deutsche Bundesbank; price expectations: ifo Business Survey, moving 3-month-average, value shifted forward by 6 months

Poor Sentiment Persists in October – MET Business Climate Continues to Decline

Ifo business climate MET-Industries, Seasonally adjusted balances of the +/- reports



The MET business climate declined for the sixth consecutive month in October. Although expectations were slightly less pessimistic, the current situation continues to be assessed more negatively. Due to the bleak competitive environment, export plans are dropping sharply, even though the IMF forecasts a stable global economy. Order backlogs are now being rated as poorly as they were at the peak of the COVID-19 crisis. Consequently, production and personnel plans are being ominously revised downward. This suggests that the recession will continue into Q4.

Assesment of order book: -42 Pt.	Production Plans: -20 Pt.	Personnel Plans: -30 Pt.
Demand Compared to the Previous Month: -16 Pt.	Export expectations: -18 Pt.	Price expectations: +2 Pt.

Source: Ifo Business Survey, Balances of +/- Reports for October 2024; the arrows indicate the level and trend over the past 3 months