









The background of the slide is a dark blue industrial scene. On the right side, a mechanical tool is shown cutting through a metal surface, creating a bright burst of orange and yellow sparks that radiate outwards. On the left side, there are several overlapping line graphs in light blue and orange, showing fluctuating data trends. The overall aesthetic is high-tech and industrial.

MET **Business cycle report**

Recession Continues in MET Industry – Bottom Not Yet Reached

- **Order intake** continues to decline. In April, new orders decreased further. In the first third of the year, the level from the previous year was undercut by 4.6% (nominal) and 6.1% (price-adjusted). The assessment of order backlogs worsened again in May.
- **Revenue and sales** also declined in April. The trend follows the continuing decrease in new orders. From January to April, revenue was 3.6% below the level of the previous year; sales volume was down by 5.4%. Given the weak capacity utilization, the negative trend is likely to continue.
- **MET production** managed to stabilize slightly in April due to certain special effects. However, production volume in the first third of the year was still 6.6% below the previous year. Early indicators also suggest a return to the downward trend: Production plans continue to be predominantly downward, and truck traffic declined again in May.
- The number of **MET employees** in March was only slightly above the previous year by 0.3%. Seasonally adjusted, the sideways movement that began in spring 2023 continued. Despite the recession, the skills gap is becoming more entrenched.
- The **MET business climate** remained nearly unchanged at a weak level in May. The assessment of the current situation continued to deteriorate. However, the proportion of pessimists for the coming months slightly decreased. Nonetheless, demand and specific company plans continued to be predominantly downward.
- In May, the **inflation rate** slightly increased to 2.4%. Core inflation remained high due to increased service prices. The Bundesbank expects in its current projection that *the inflation rate will only decrease slowly given the high wage pressure*.

Annual Overview MET Industry 2024: Recession Persists – Unit Labour Costs Increase

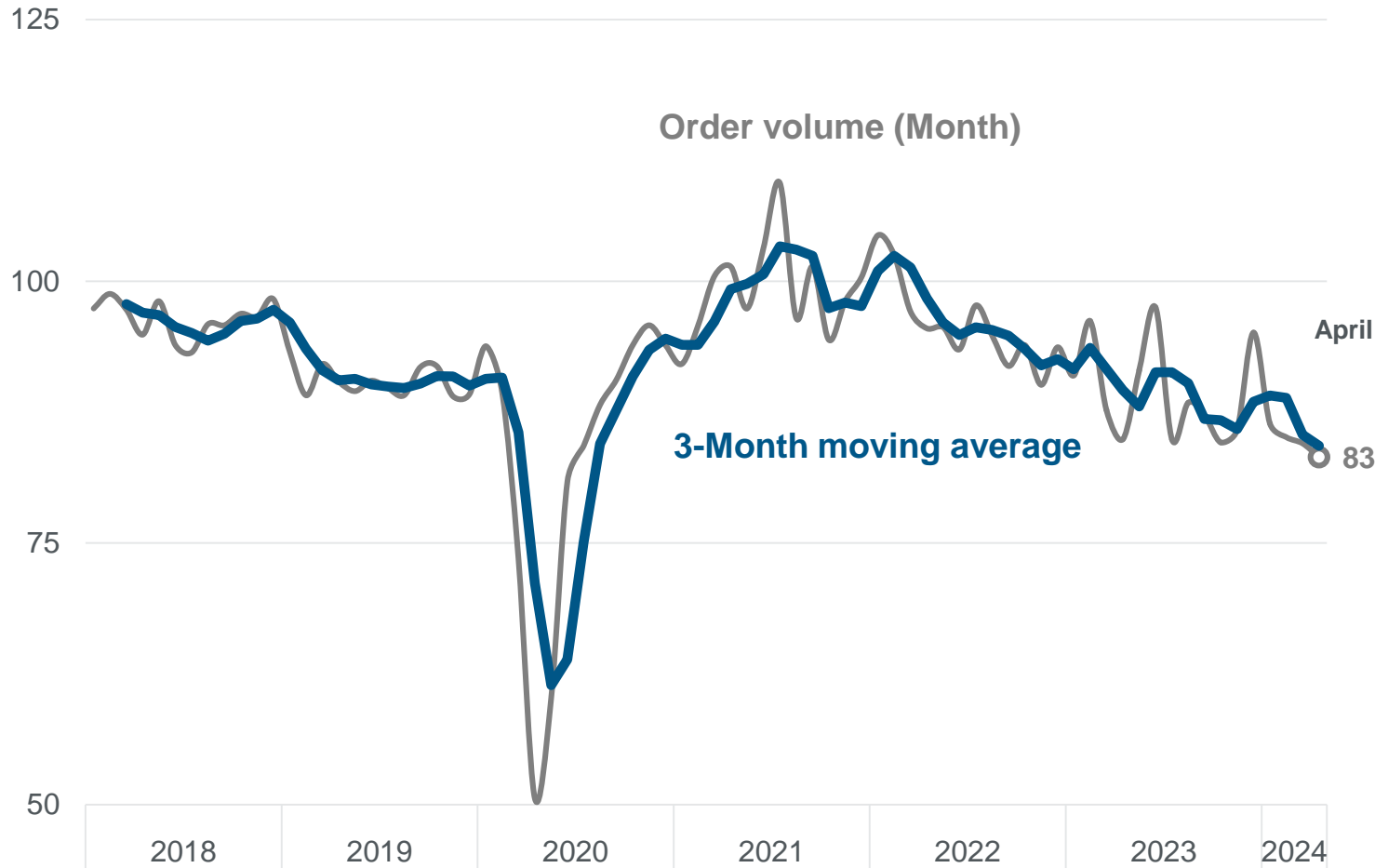
	Real**	Nominal		Nominal
 New Orders* (Δ Jan-Apr)	-6.1%	-4.6%	 Employment (Δ Mar)	+0.3%
 Production* (Δ Jan-Apr)	-6.6%		 Hours worked (Δ Jan-Mar)	-2.99%
 Turnover* (Δ Jan-Apr)	-5.4%	-3.6%	 Wages & salaries (Δ Jan-Mar)	+4.8%
 Foreign Turnover* (Δ Jan-Apr)	-4.8%	-2.7%	 Unit Labour Costs (Δ Jan-Mar)	+14.5%

Changes in Economic Indicators for the German Metal and Electrical Industry from January-April 2024 compared to the Same Period in the Previous Year, Employment: Latest available monthly data, Source: Federal Statistical Office; Gesamtmetall calculations *Calendar and seasonally adjusted values **Price-adjusted values

MET New Orders in Continuing Downtrend – No Signs of Stabilization Yet Detected

New Orders MET Industries

Index Avg. 2021 = 100. Price-, season- and calendar-adjusted monthly values & 3-Month moving average.



Price-adjusted new orders in April were 1.5% below the level of March. The downward trend has not yet been halted. From January to April, the order volume was 6% below the previous year's results.

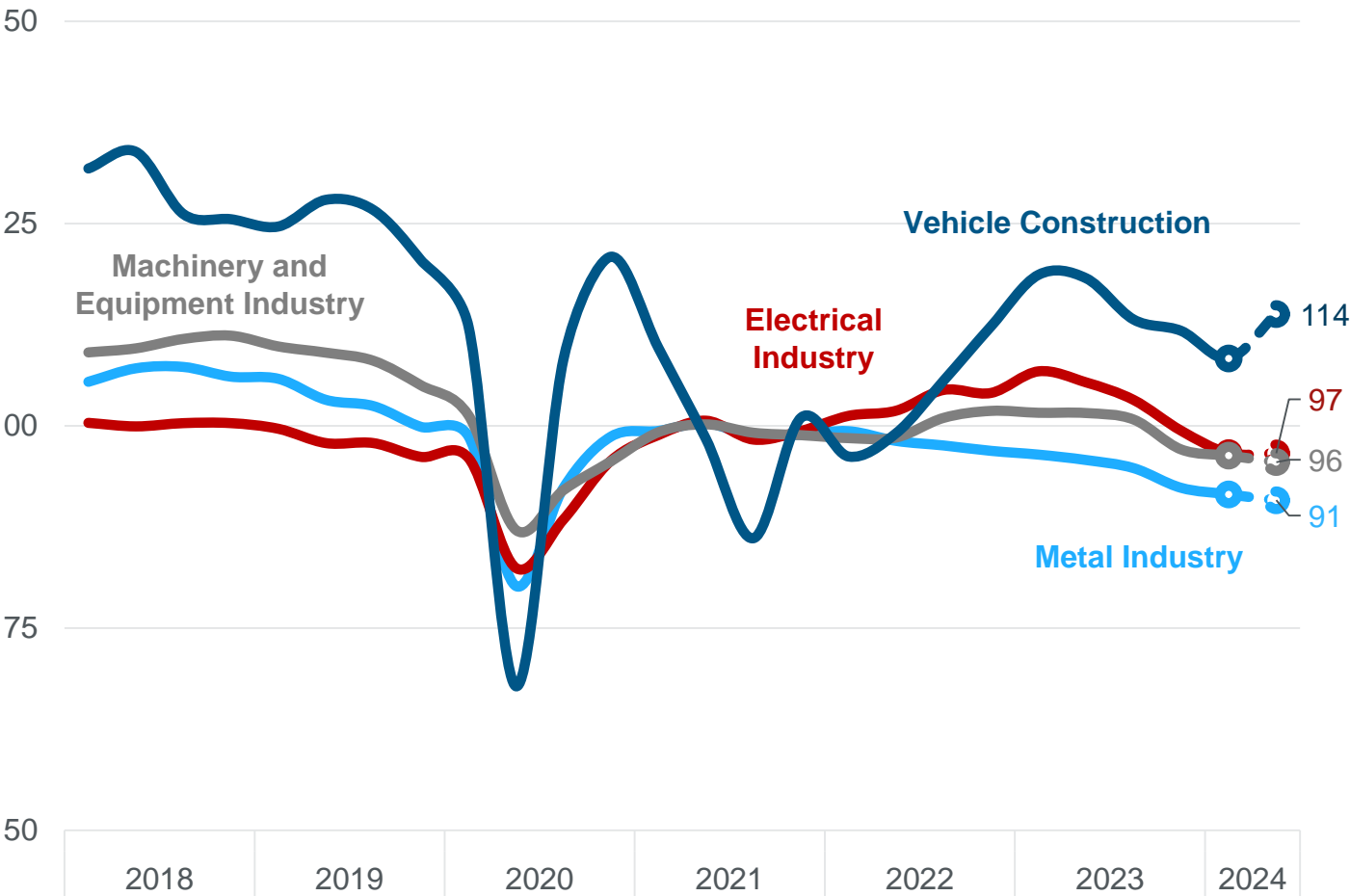
No signs of stabilization are evident in the assessments of MET companies either. In May, demand surprisingly deteriorated significantly compared to the previous month. Consequently, order backlogs were again assessed slightly more negatively than in the previous month. 40% of MET companies are affected by a lack of orders.

Source: Federal Office of Statistics

MET Production: Individual Special Effects in April Temporarily Slow Downward Trend

MET Industry Production Sector Trend

Indices Avg. 2021 = 100. Price-, calendar-, and season-adjusted quarterly values



Source: Federal Office of Statistics

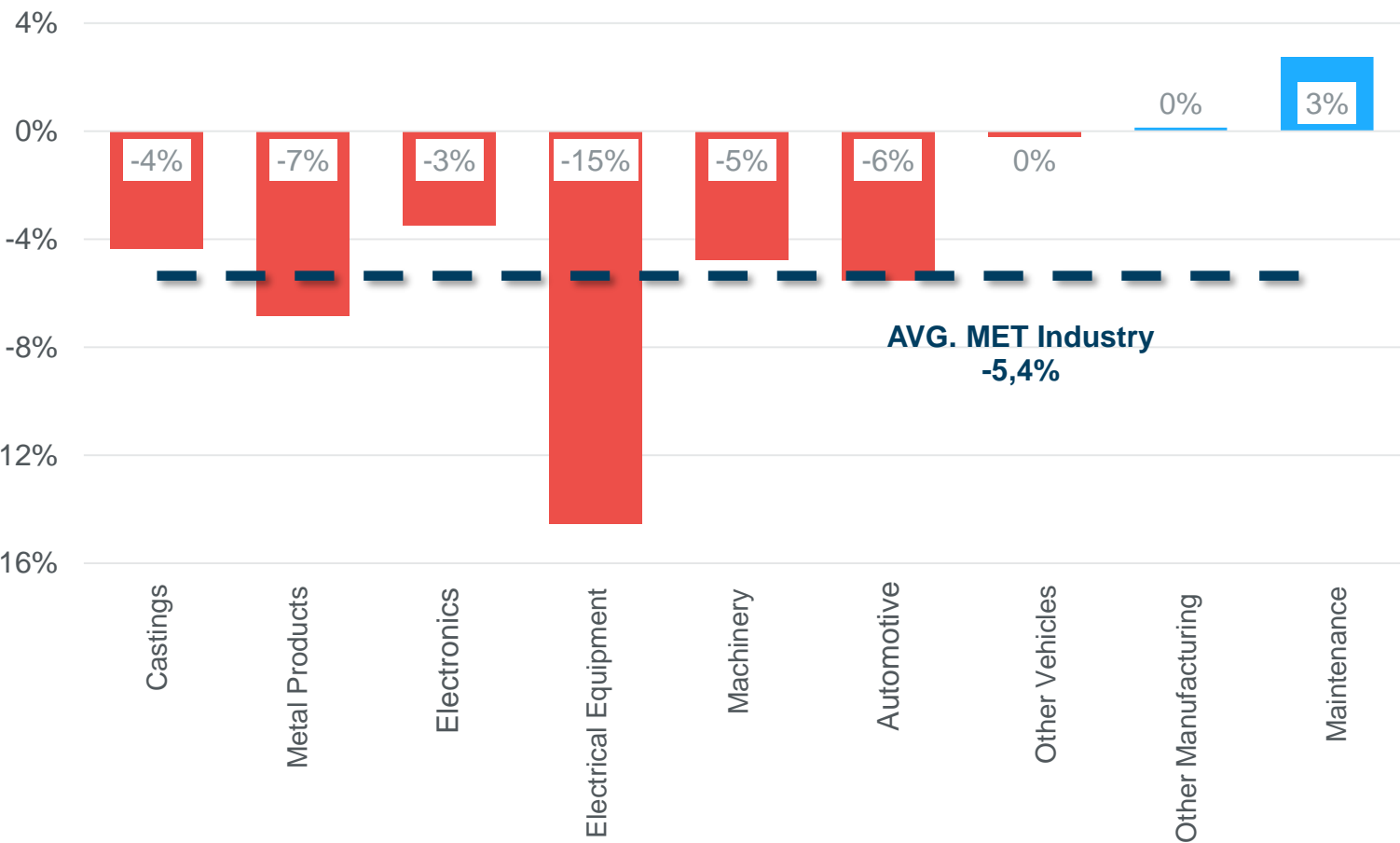
The downward trend in MET production continued in Q1-2024. The production volume decreased by 2.5% compared to the previous quarter. In April, due to the early Easter, there was a recovery in Automotive (+4.2% Δ April to March), leading to a slight stabilization (+1.6%) in MET production overall from the previous month. Nevertheless, the first third of the year still saw a production decline of nearly 7% compared to the previous year.

Additionally, data from the Association of the German Automotive Industry indicate a noticeable weakening in domestic car production for May already. The production plans of MET companies remained predominantly downward, with a balance of positive and negative plans at -7 points. Truck traffic also declined again in May. A return to the downward trend is therefore likely.

Revenue & Sales: Very Weak First Third of the Year

Sales Development in the MET Industry

Price- and calendar-adjusted change in MET sectors compared to the previous year, Δ Jan-Apr 2024/2023



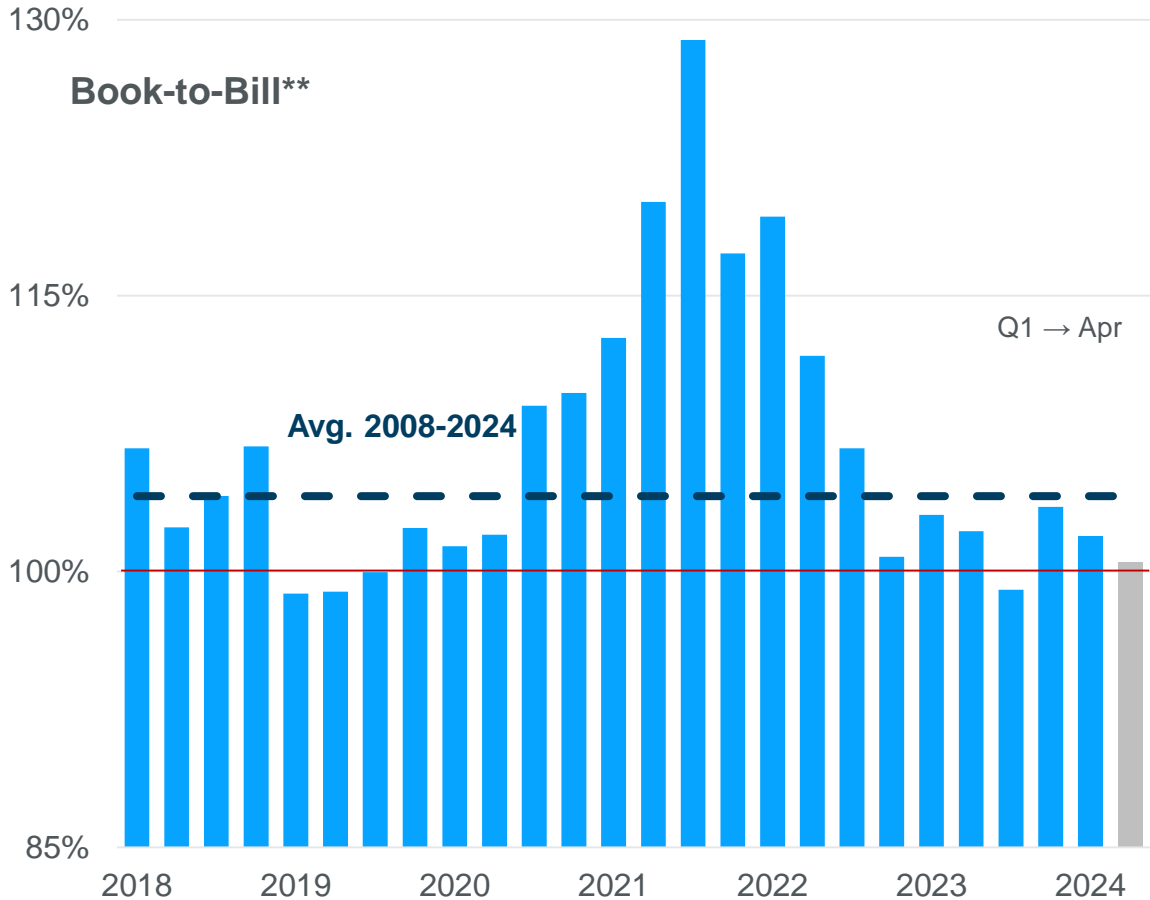
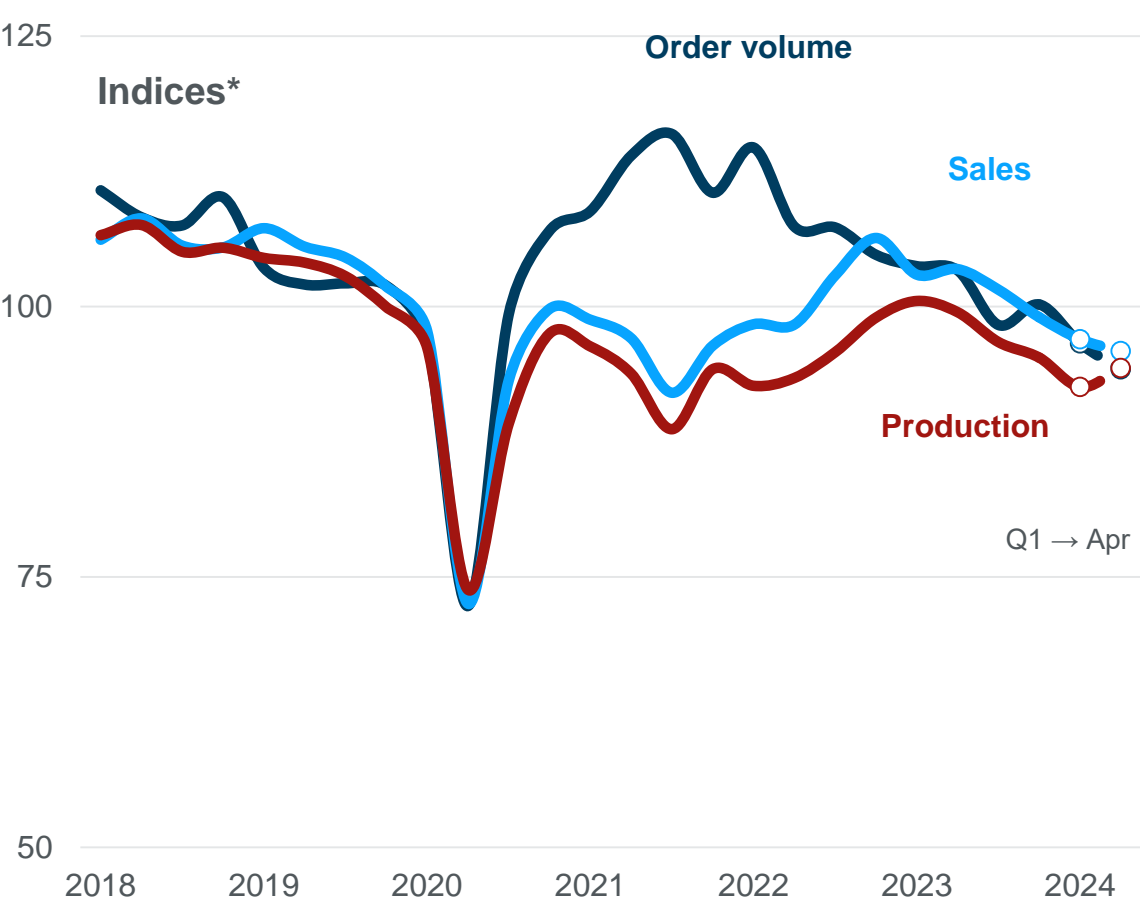
Revenue (-0.4%) and sales (-0.8%) continued to decrease in April compared to March, further extending the downward trend in the MET industry. From January to April, revenue was down by 5.4% and price-adjusted sales were 3.6% lower than the same period last year. The decline affects nearly all sectors of the MET industry, with only Maintenance recording a slight increase. The downward trend directly follows the declining new orders, indicating that the remaining order backlogs provide little stabilization. Given the decreased utilization and persistently declining new orders, the continuation of the recession is expected.

Source: Federal Office of Statistics

Key Economic Indicators in the MET Industry: Recession Intensifies at the Start of the Year

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

Price, calendar, and seasonally adjusted values.



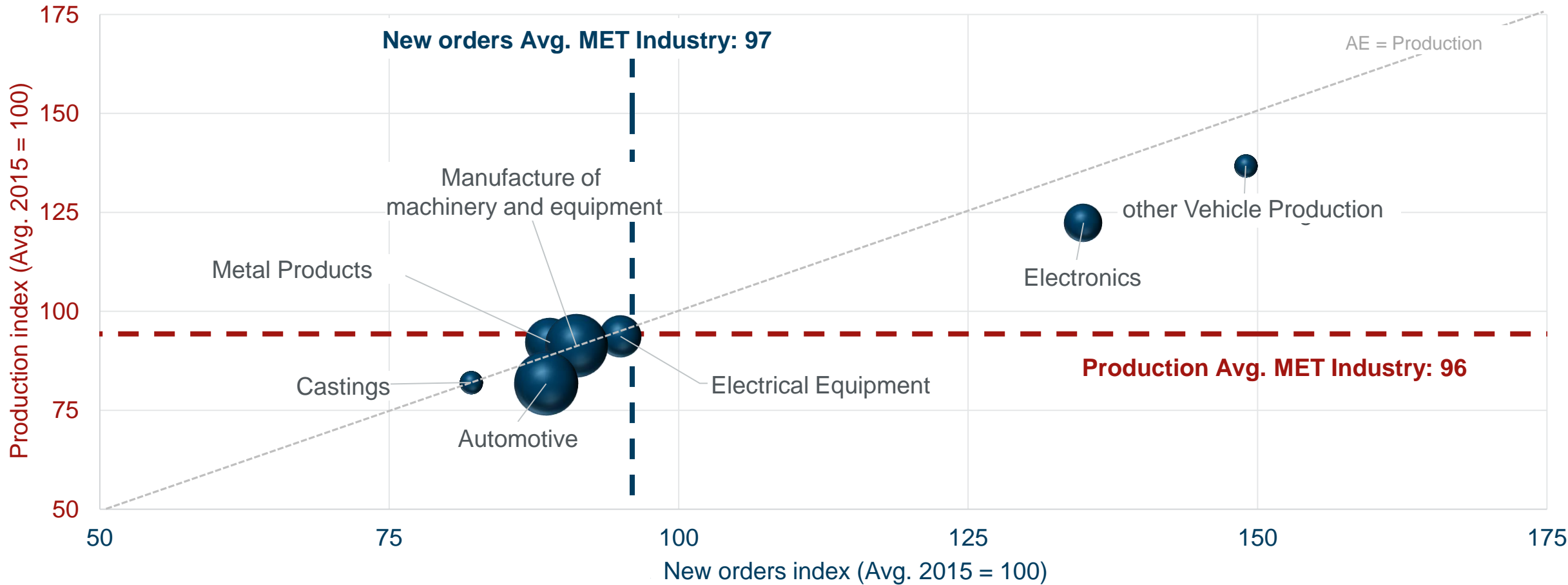
Source: Federal Office of Statistics; Gesamtmetall calculations

*Reindexed to Avg. 2015 = 100

** Incoming orders in relation to sales

MET Industry Sector Portfolio (Real) Jan-Apr 2024

Order & Production Index* for MET Industry Sectors*, price-, calendar- & season-adjusted values, reindexed to Avg. 2015 = 100



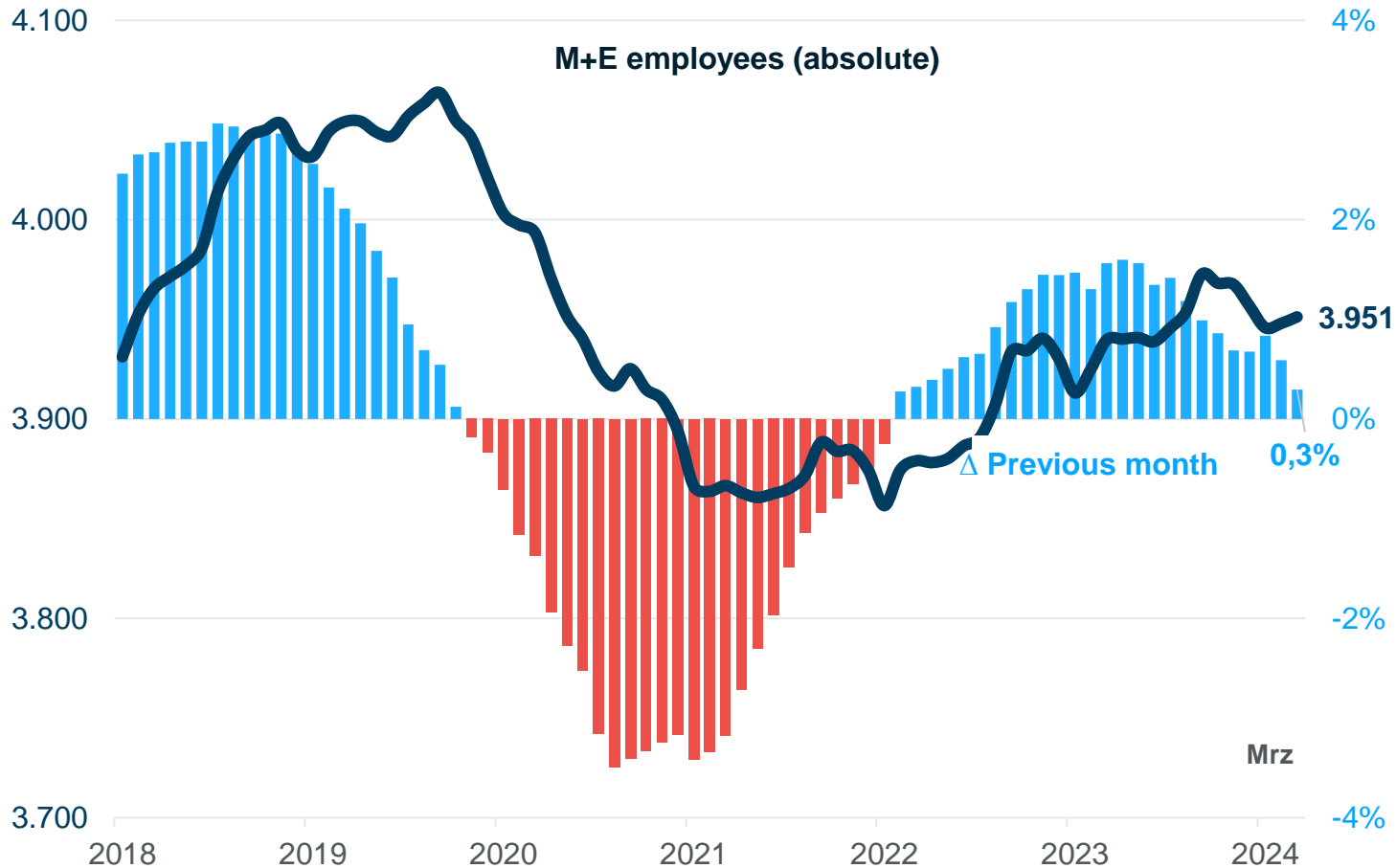
Source: Federal Office of Statistics, Gesamtmetall calculations

*Values without WZ 32+33

Continued Stable Employment Development – Year-Over-Year Increase Weakens

Development of MET Employment

Absolute Monthly Figures in Thousands and Change from the Same Month Previous Year



In March, approximately 3.95 million MET employees were active, an increase of 11,500 or 0.3% from the previous year. Seasonally adjusted, the number of employees remained nearly constant compared to February.

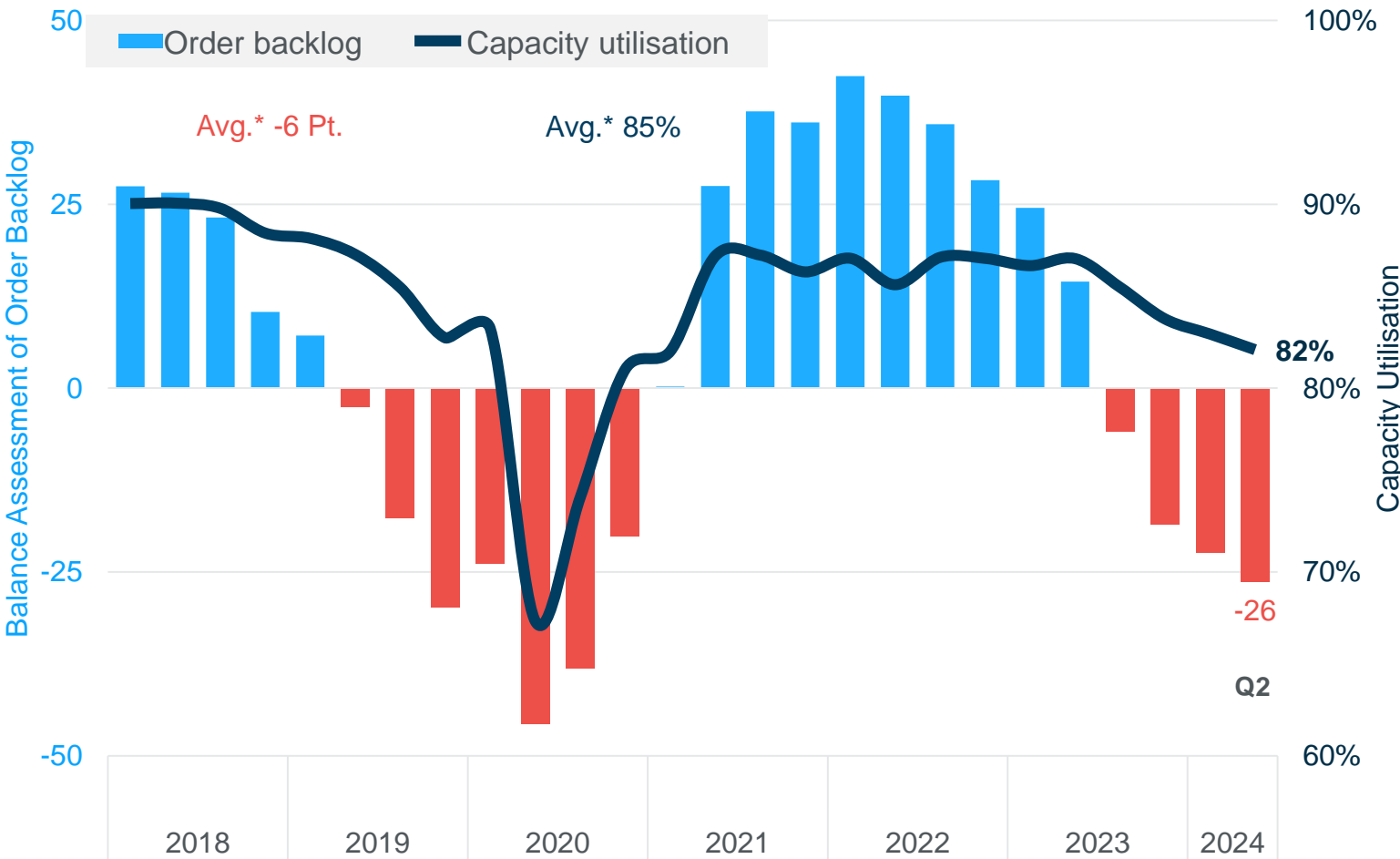
Recovery has come to a halt. Personnel plans were predominantly negative in May. On the other hand, workforce shortages continue to be a significant issue. 28% of MET companies viewed this as a production obstacle. The skills gap remains at a high level: in May, 232,000 STEM positions could have been filled if the appropriate personnel had been available.

Source: Federal Office of Statistics; Gesamtmetall calculations; projections based on monthly reports for companies ≥ 50 employees

Utilization Continues to Decline – Result of an Increasingly Weaker Order Backlog

Order Backlog & Utilization in the MET Industry

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



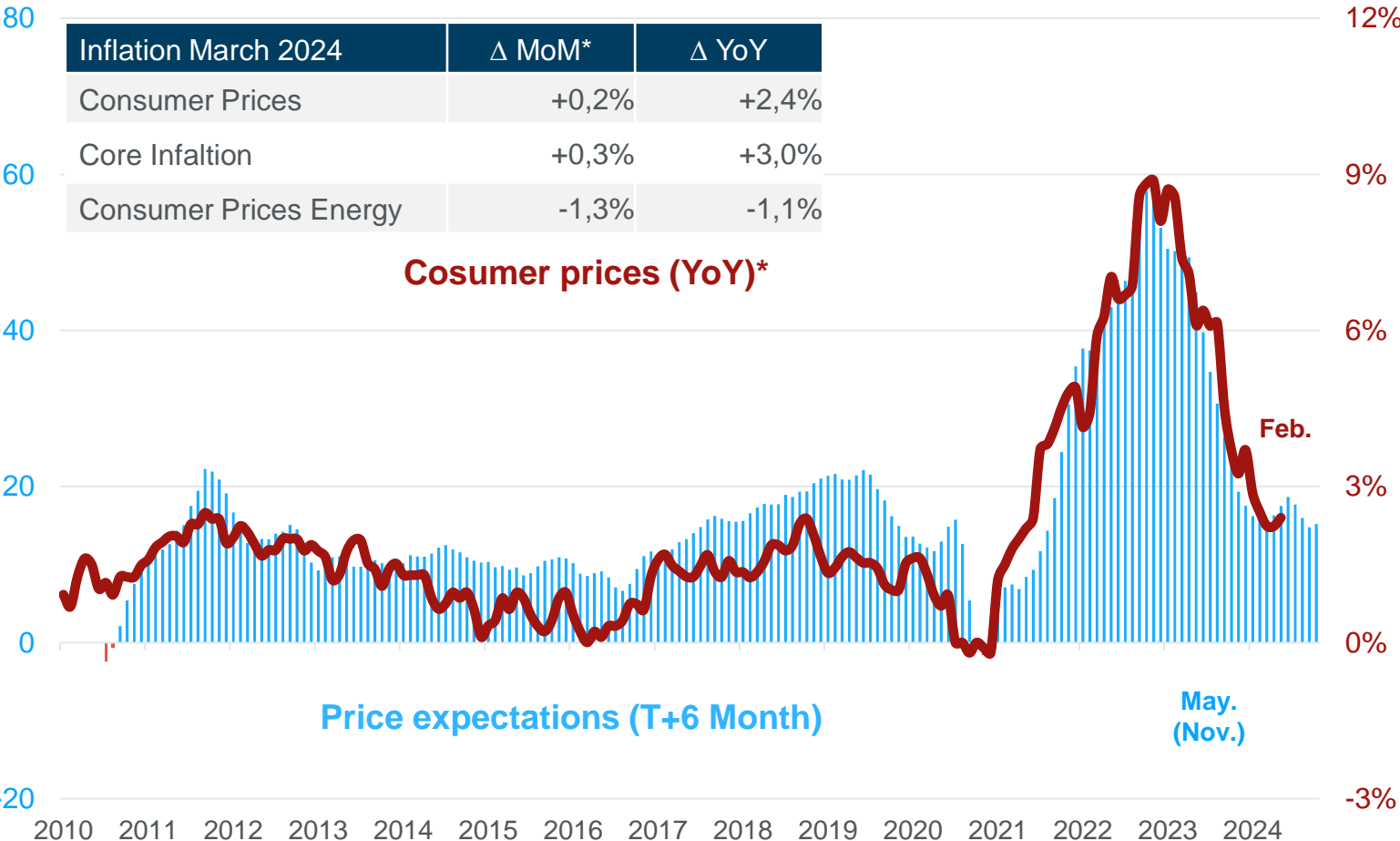
Source: ifo Business Survey *Long-term average since 2002

In May, order backlogs were again assessed slightly worse than in the previous month, continuing the downward trend. Although the average order coverage is still above average, this is partly due to individual large orders. On the other hand, booked orders are hardly or only very reluctantly called off. Utilization continues to decline and is now at 82%, which is 3 percentage points below the long-term average. Alongside the metal sector, companies in the electrical industry particularly reported weak capacity utilization.

Bundesbank: "Disinflation Process Has Stalled"

Development & outlook inflation rate

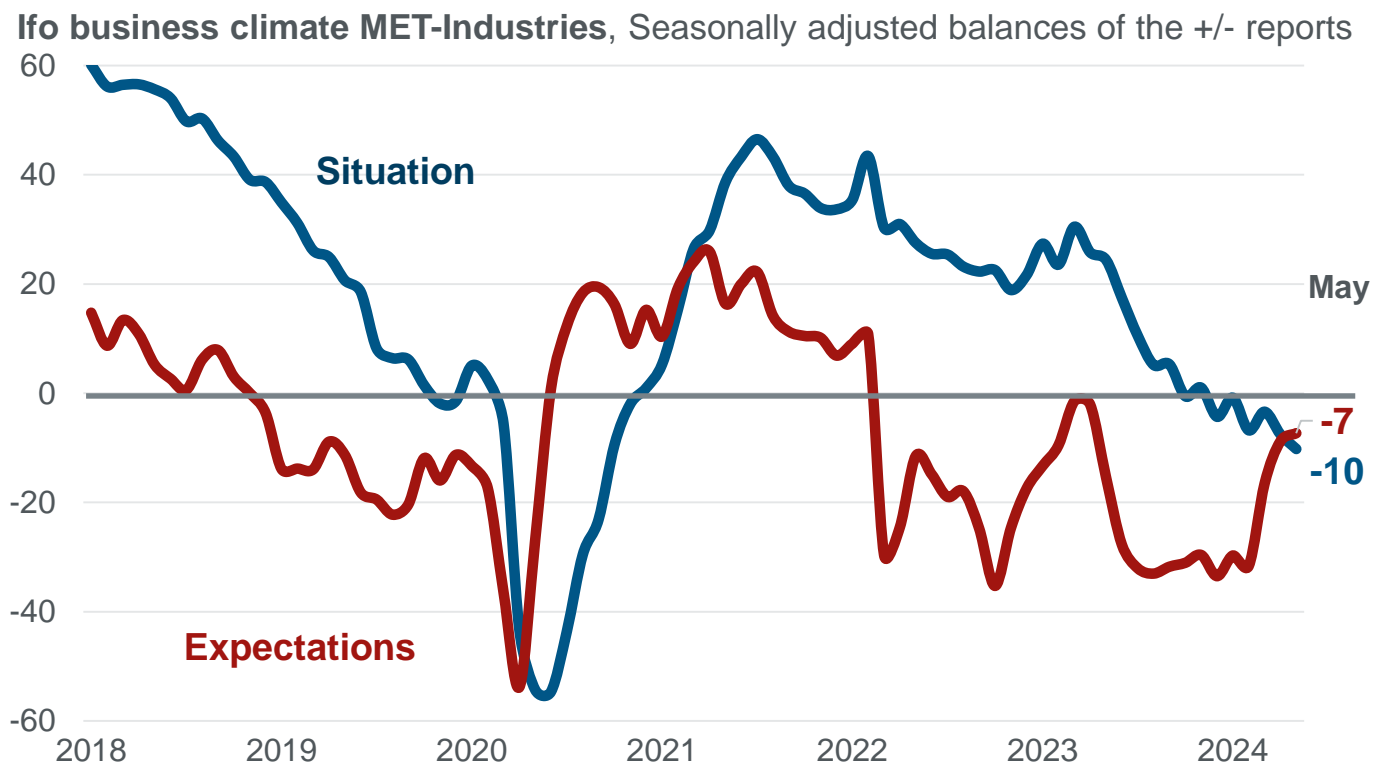
Δ Consumer prices* (right) & balance of ifo-survey price expectations (left)




In May, consumer prices were 2.4% higher than the same month last year. The inflation rate was, as expected, slightly higher than in April (+2.2%).The core inflation rate remained high at +3.0%, as service prices continue to rise above average, while energy prices continued to weaken.The Bundesbank sees the disinflation process as "stalling" and expects in its current projection that the inflation rate will only decrease slowly due to high wage pressures.

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

MET Companies Slowly Anticipate Stabilization – Signs of a Turnaround Still Lacking



The business climate in the MET sector remained almost unchanged in May, continuing at the weak level of the previous month. While the current situation was assessed more negatively again, expectations were slightly less pessimistic. MET companies are increasingly hopeful of an impending stabilization, yet the specific indicators remain negative. Demand deteriorated significantly in May, surprising many. The order backlog was rated even worse than before. Therefore, plans for the coming months continued to be predominantly downward.

Assesment of order book: -27 Pt. 

Production Plans: -7 Pt. 

Personnel Plans: -13 Pt. 

Demand Compared to the Previous Month: -13 Pt. 

Export expectations: ± 0 Pt. 

Price expectations: +7 Pt. 

Source: Ifo Business Survey, May 2024