

# Germany

## Industrial production growth adds to signs of third quarter economic expansion

- **Production rises 1.4% in three months to August, with manufacturing and construction both trending higher**
- **Data add to survey signs of Q3 GDP expansion**

The latest official data on the German economy showed industrial production on a firm upward trend, with manufacturing rising alongside growing factory orders and construction also reviving at the fastest rate for over two years.

The data are consistent with survey evidence that the German economy expanded in the third quarter after the stronger-than-expected 0.7% rise in the second quarter. While the gain in GDP may turn out to be slightly less than the 0.4% being indicated by the PMIs, reflecting some pay-back from the second quarter strength in the official data, the overall message is one of a steady but unspectacular recovery of the eurozone's largest member state.

Looking at the three months to August, which avoids some of the volatility in the monthly data\*, industrial production increased 1.4% on the previous three month period, with manufacturing up 0.9% and construction posting a healthy gain of 3.8% over the same period. While the gains in total industrial production and manufacturing output fell slightly short of the 1.5% and 1.2% respective increases seen in the second quarter, the upturn in construction in the three months to August was the largest since May 2011.

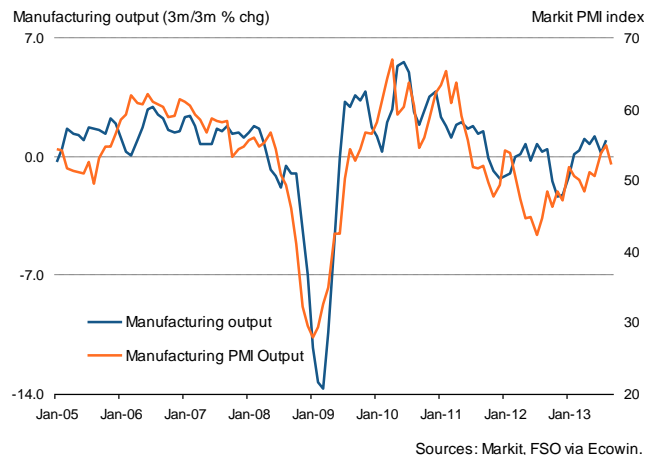
The industrial production data follow factory orders numbers, which showed a 0.3% drop in orders in August following a 1.9% decline in July. However, orders were nevertheless still 2.1% higher in the latest three months compared with the prior three months, which is the second-strongest quarterly rate of expansion since early 2011.

\* The monthly data showed a 1.4% increase in industrial production in August after a 1.1% fall in July. Manufacturing output rose 2.1%, more than reversing a 1.8% fall in July. Construction output was meanwhile down 1.9%, paying back some of the 2.7% gain seen in July.

### Industrial production



### Manufacturing and the PMI



### Factory orders



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