

PRESS RELEASE

Lyoner Straße 18
60528 Frankfurt am Main
GERMANY
Telefon +49 69 756081-0
Telefax +49 69 756081-11
E-Mail vdw@vdw.de
Internet www.vdw.de

From Sylke Becker
Phone +49 69 756081-33
E-Mail s.becker@vdw.de

No turnaround in sight for machine tool orders

Turnover still being supported by orders on hand

Frankfurt am Main, 15 February 2024. – Orders received by the German machine tool industry in the fourth quarter of 2023 were 17 percent down on the previous year's figure. Orders from Germany fell by 20 percent whereas those from abroad dropped by 15 percent. Demand increased by 11 percent in nominal terms in 2023 as a whole. Domestic demand was down 14 percent, while foreign demand was 9 percent lower. In real terms, there was a 16 percent decline in demand over the year as a whole.

"Our industry is receiving no impetus from the global economy at present. The international purchasing managers' index reveals weak performance in the key markets," said Dr. Markus Heering, Executive Director of the VDW (German Machine Tool Builders' Association), Frankfurt am Main, commenting on the result. The only exceptions which could provide any impetus are India and Mexico. Domestic demand is also continuing to suffer from the geopolitical and economic uncertainty as well as from high interest rates and energy prices. "Small and medium-sized companies in particular are holding back on investments. Germany and the eurozone remained weak in the second half of the year. The same applied to the important Chinese market, whereas sales to North America held up well," continued Heering.

According to the association's statistics, there was a further nominal increase in turnover of 10 percent in 2023 due to well-filled order books. However, the 3 percent increase in the fourth quarter was significantly lower than the levels

posted in the previous quarters. Most recently, in December 2023, the figures turned negative on the back of declining order volumes.

The lack of orders has prompted the VDW to forecast a slight decline in production of 3 percent for 2024. Expectations are focused on growth sectors such as electric vehicles, wind power, medical technology, aerospace and defense. Investments here are increasingly taking the form of projects, which are less affected by the general economic downturn than series production in job shops, for example.

"The economy in Europe, the largest sales region, is not expected to recover until next year. Some stimulus could come from Eastern Europe in the form of investments by the automotive industry and in connection with renewable energy," concluded Heering

Background

The German machine tool industry ranks among the five largest specialist groupings in the mechanical engineering sector. It provides production technology for metalworking applications in all branches of industry and makes a crucial contribution towards innovation and enhanced productivity in the industrial sector as a whole. Due to its absolutely key role for industrial production, its development is an important indicator for the economic dynamism of the industrial sector as such. In 2023, with an average of 65,200 employees (firms with more than 50 staff), the sector produced machines and services worth around 15.2 billion euros.

Picture:

Dr. Markus Heering, Executive Director of the VDW (German Machine Tool Builders' Association), Frankfurt am Main

Graphic: Order bookings in the German machine tool industry

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