

German economy in recession: industrial output down 1.5% in June

Germany's industrial output fell for a second consecutive month in June, figures published this week show, with a drop of 1.5% far wider than the previous month's slip of 0.1%.

The German Economy Ministry warned that high energy prices and interest rates had taken their toll, despite rising demand. The slump in output was greater than had been expected by analysts polled by finance data firm Factset, who had predicted a 0.5% decline.

Germany's traditionally strong automobile showed a significant fall of 3.5%, after production in the sector increased by 5.8% the previous month. The construction industry, at minus 2.8%, also brought down the overall result.

"The outlook for the industrial economy remains gloomy despite the rising demand because these are strongly affected by fluctuations of big orders," the Economy Ministry said. "Given the subdued business and export expectations of companies, there is currently no sign of a noticeable recovery."

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