Lightning before thunder - a timely warning for the wise

It is as easy enough an early warning as one could wish for: on seeing a flash of lightning, you count off the seconds until the thunderous boom. Then simply divide the interval by 5, and you have the distance in miles the storm is away. How you decide to act is then your informed choice. For me, if the MIND THE GAP happens to be under 15 seconds, and I have the option, cover is sought, keen as I am to avoid getting unnecessarily soaked.

It is with the early warning of an impending 'sudden' downpour, and avoidance of a fully clothed douche, which I wish to use in the context of the detailed enlightening economic data, that reaches us ahead of every deluge of corporate earnings.

For those wishing to take heed of it, every month without fail, extremely detailed data is made publicly available for a large and varied collection of economies. Economies it must be stressed, in which the corporates we keenly invest in, no less keenly operate from within. And employing the analogy of lightning warning of an impending thunderous downpour, if used wisely, this monthly data has long provided the chance to take cover in a timely fashion; not least, to 'go a cautionary short' of industries threatening to deliver a deluge of disappointing earnings.

With the above in mind, those looking attentively at the detailed sector by sector data coming from the direction of Germany, will have seen the lightning which will very soon deliver a thunderous downpour of poor earnings and almost certainly downgrades.

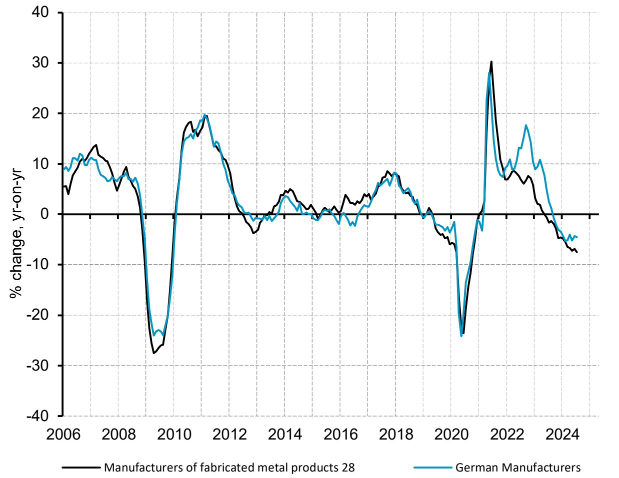
Now, what makes the ominous data so disturbing is that the storm is coming from Germany's 'mighty' engineers. Those behemoths who make the mechanical and electrical generation equipment that has quite literally constructed, powered, and for that matter helped feed Europeans, for generation after generation.

From the manufacture of farm and earth moving equipment across to the production of trucks. turbines, engines and the plant and equipment that transport and transmit power, the lightning data which has already been seen by those willing to take heed of it, presages a downpour of poor earnings. To repeat, disappointing revenues and margins coming from within the literal engine room of Germany's manufacturing base.

To those then with long positions across a raft of German, indeed, European engineers, be warned, you very soon will be.

German based Manufacturers of fabricated metal products 28

Chart 1. Operating sales, €

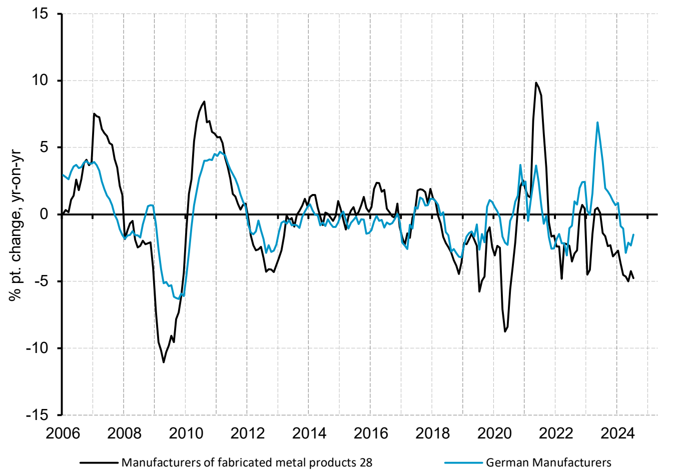


Annual Growth Averages (%)

Manufacturers of fabricated metal products 2.6

German Manufacturers 2.9

Chart 2. Operating margin

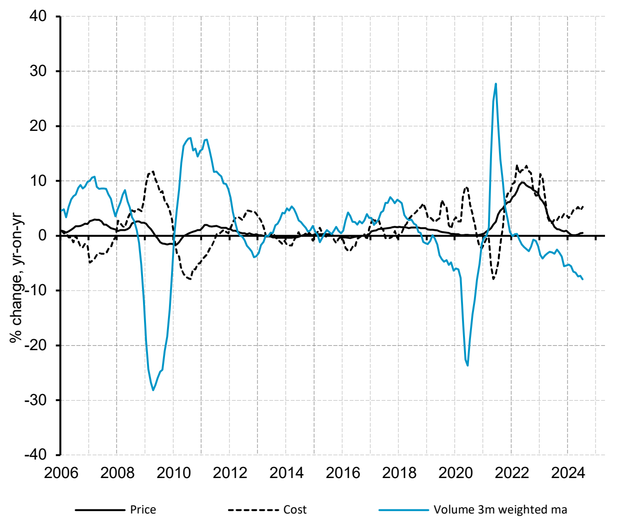


Annual Growth Averages (%)

Manufacturers of fabricated metal products -0.4

German Manufacturers 0.0

Chart 3. Price, cost & volume



Annual Growth Averages (%)

Price 1.4

Cost 1.7

Volume 1.2

Chart 4. Detailed price & cost dynamics

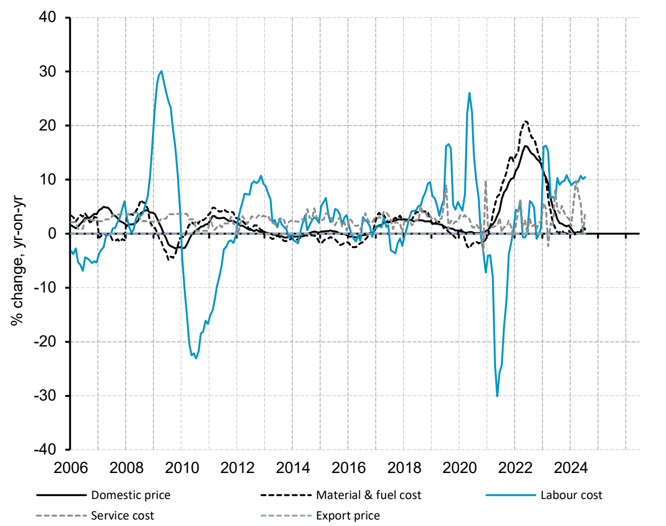


Chart 5. Labour productivity vs. wages

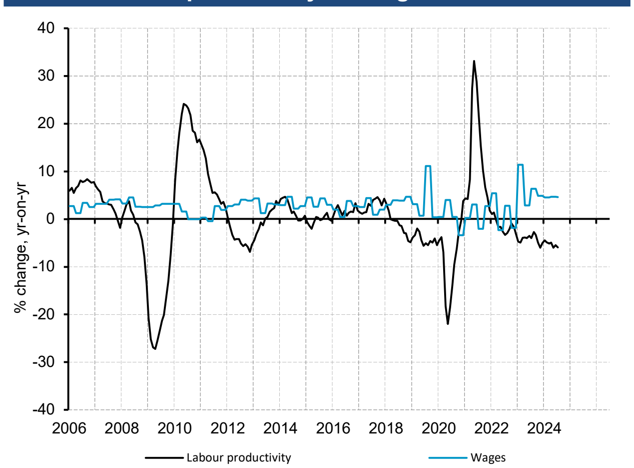
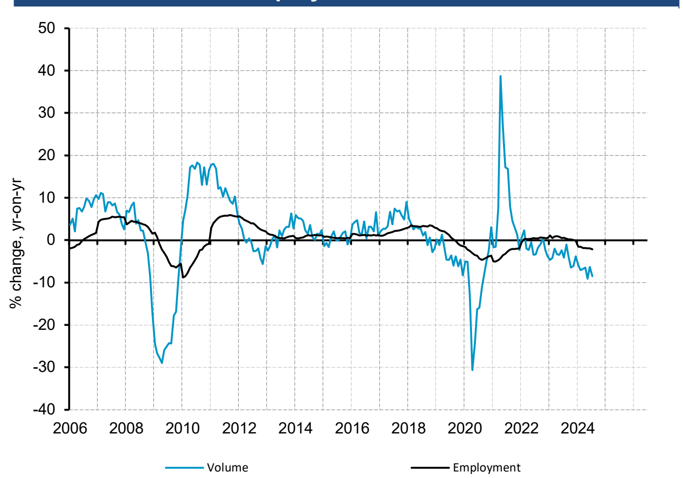
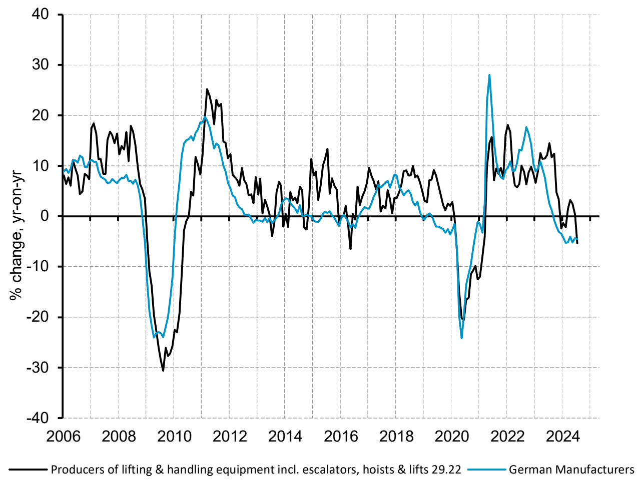


Chart 6. Volume vs. employment



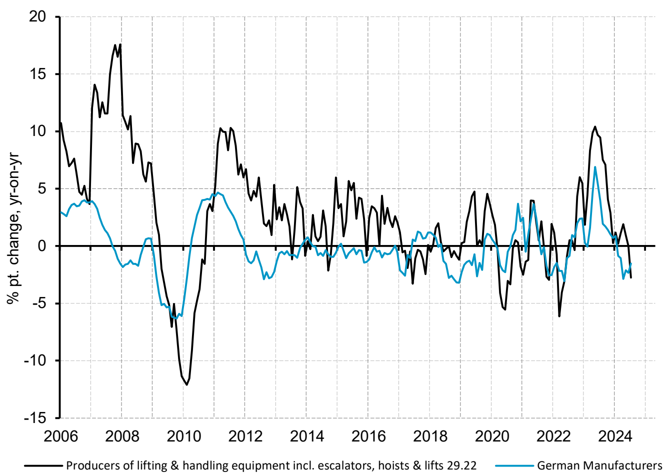
German based Producers of lifting & handling equipment incl. escalators, hoists & lifts 29.22

Chart 1. Operating sales, €



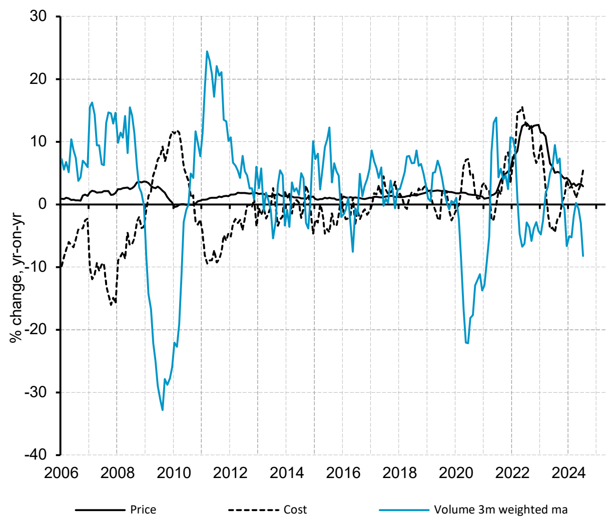
Annual Growth Averages (%)
ers of lifting & handling equipment incl. escalators, hoists & lifts 4.2
German Manufacturers 2.9

Chart 2. Operating margin



Annual Growth Averages (%)
Producers of lifting & handling equipment incl. escalators, hoists & lifts 2.7
German Manufacturers 0.0

Chart 3. Price, cost & volume



Annual Growth Averages (%)
Price 2.4
Cost -0.3
Volume 1.8

Chart 4. Detailed price & cost dynamics

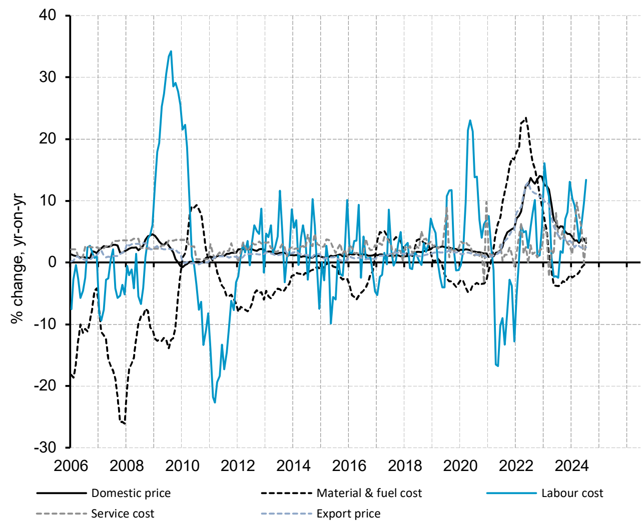


Chart 5. Labour productivity vs. wages

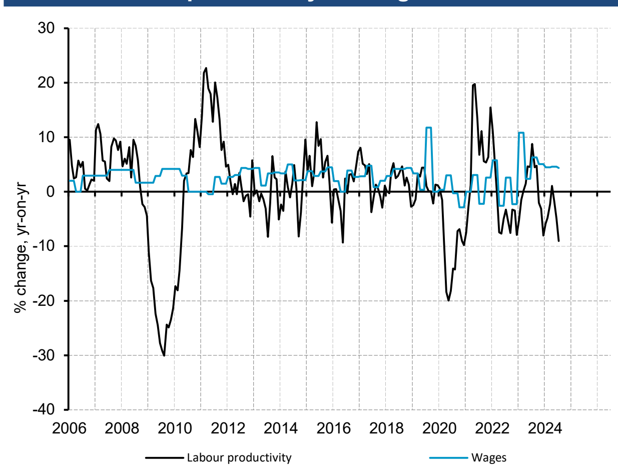
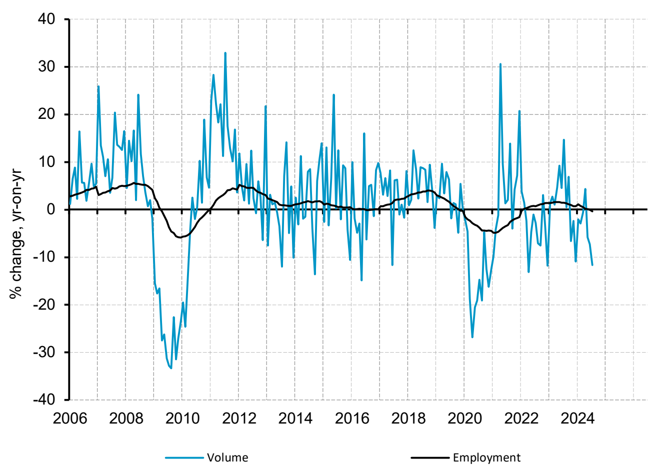
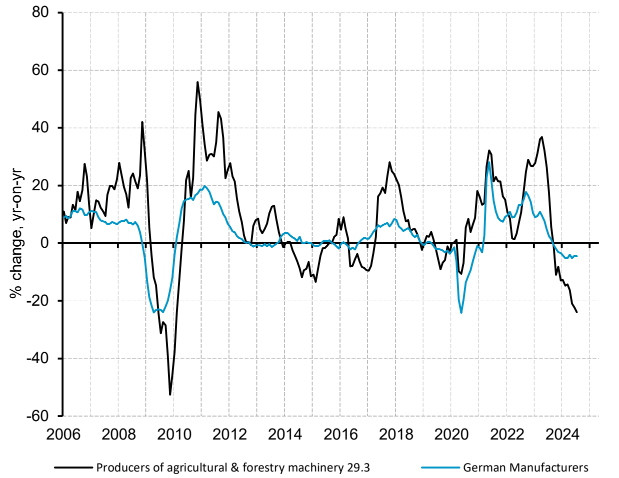


Chart 6. Volume vs. employment



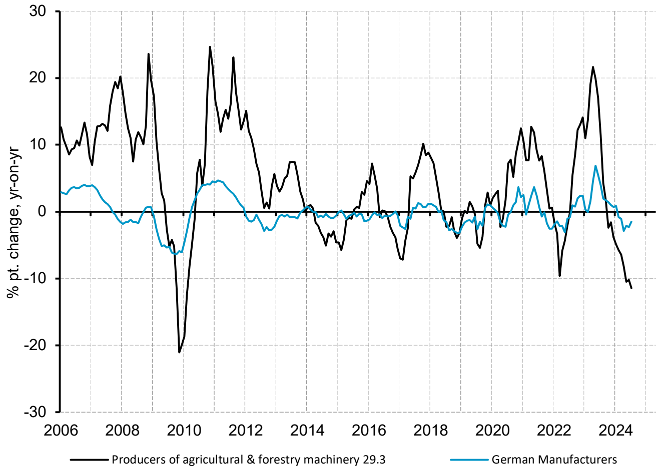
German based Producers of agricultural & forestry machinery 29.3

Chart 1. Operating sales, €



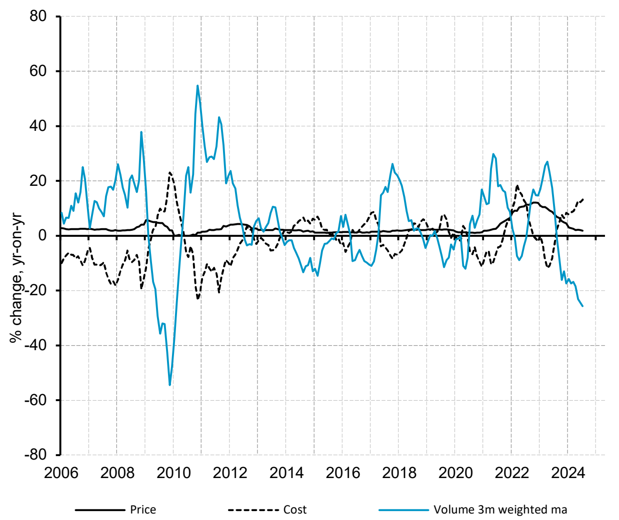
Annual Growth Averages (%)
Producers of agricultural & forestry machinery 8.0
German Manufacturers 2.9

Chart 2. Operating margin



Annual Growth Averages (%)
Producers of agricultural & forestry machinery 4.6
German Manufacturers 0.0

Chart 3. Price, cost & volume



Annual Growth Averages (%)
Price 3.0
Cost -1.7
Volume 5.0

Chart 4. Detailed price & cost dynamics

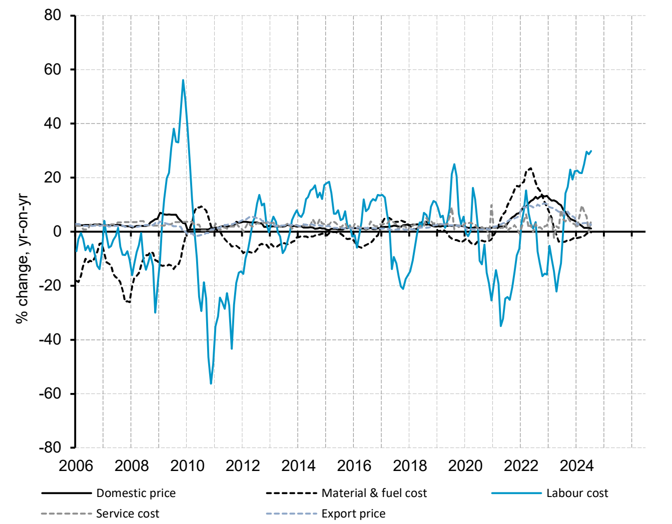


Chart 5. Labour productivity vs. wages

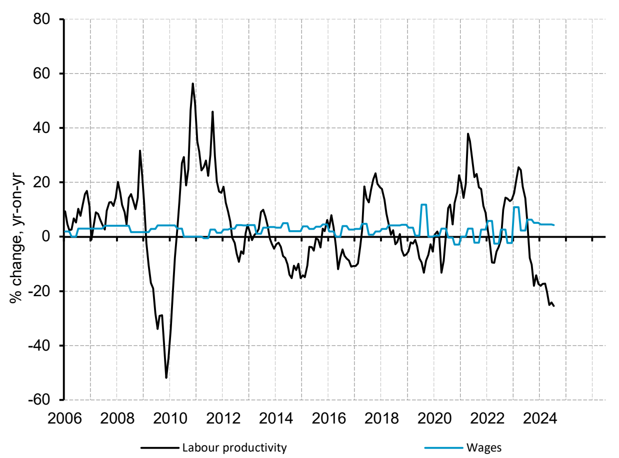
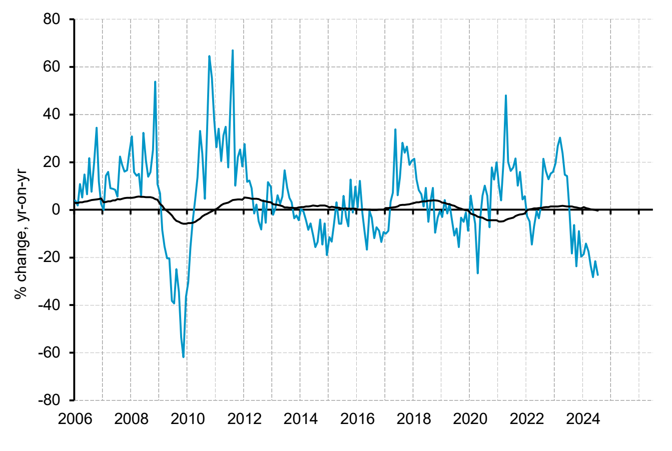
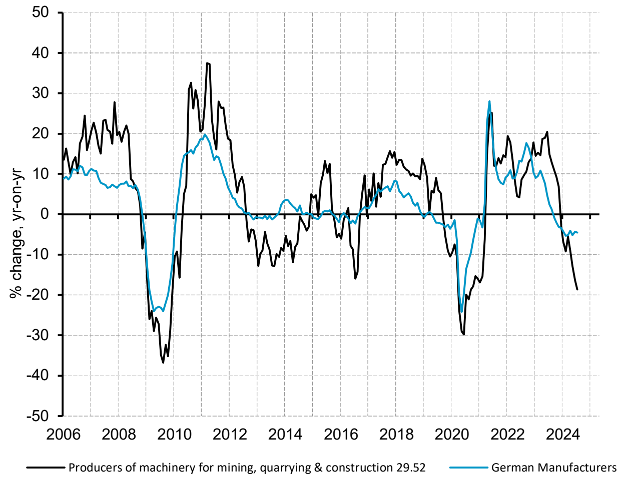


Chart 6. Volume vs. employment



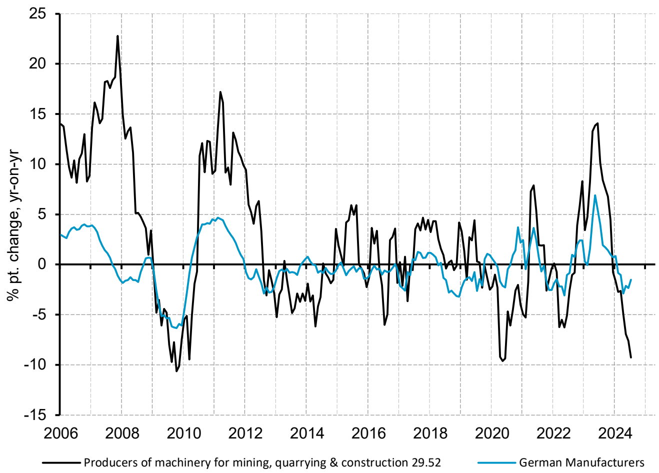
German based Producers of machinery for mining, quarrying & construction 29.52

Chart 1. Operating sales, €



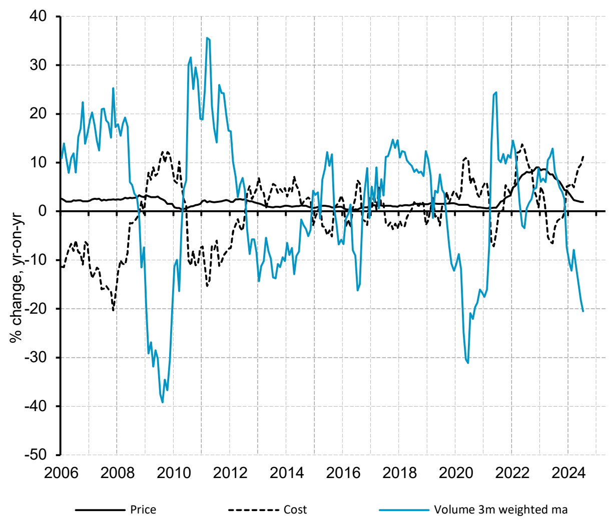
Annual Growth Averages (%)
Producers of machinery for mining, quarrying & construction 4.3
German Manufacturers 2.9

Chart 2. Operating margin



Annual Growth Averages (%)
Producers of machinery for mining, quarrying & construction 2.6
German Manufacturers 0.0

Chart 3. Price, cost & volume



Annual Growth Averages (%)
Price 2.2
Cost -0.4
Volume 2.1

Chart 4. Detailed price & cost dynamics

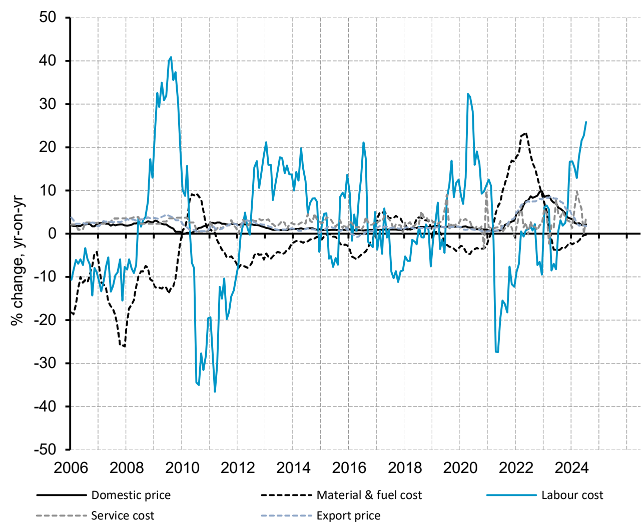


Chart 5. Labour productivity vs. wages

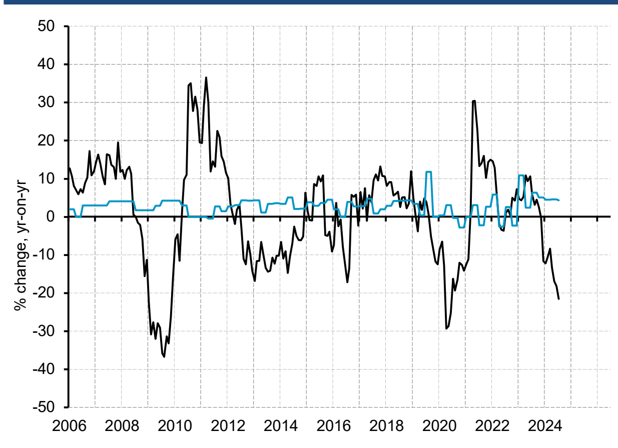
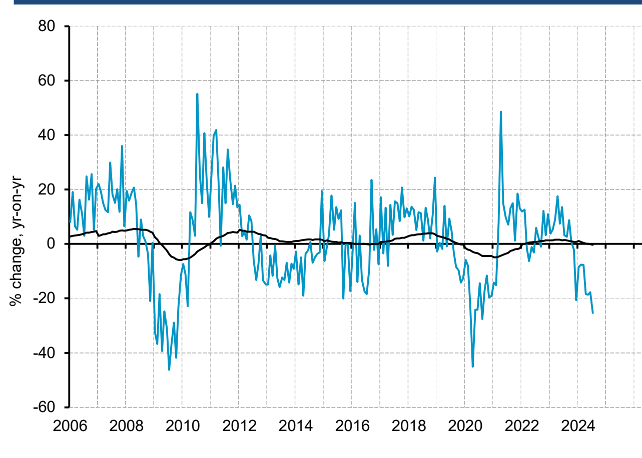


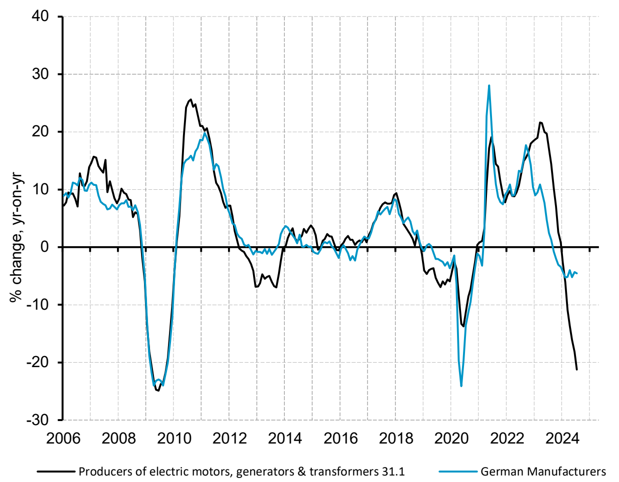
Chart 6. Volume vs. employment



06 September 2024
July Data

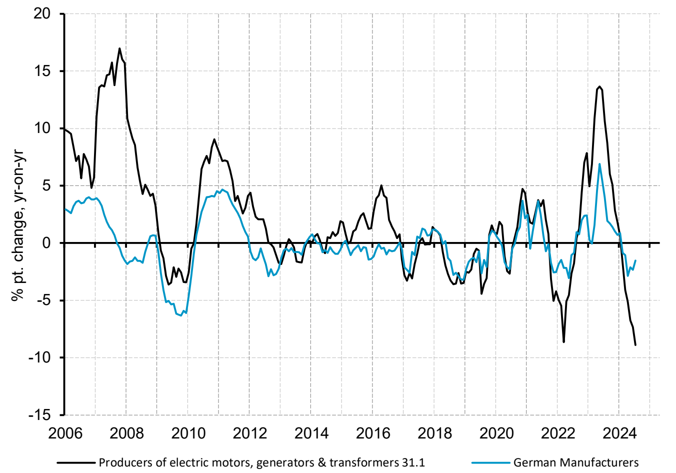
German based Producers of electric motors, generators & transformers 31.1

Chart 1. Operating sales, €



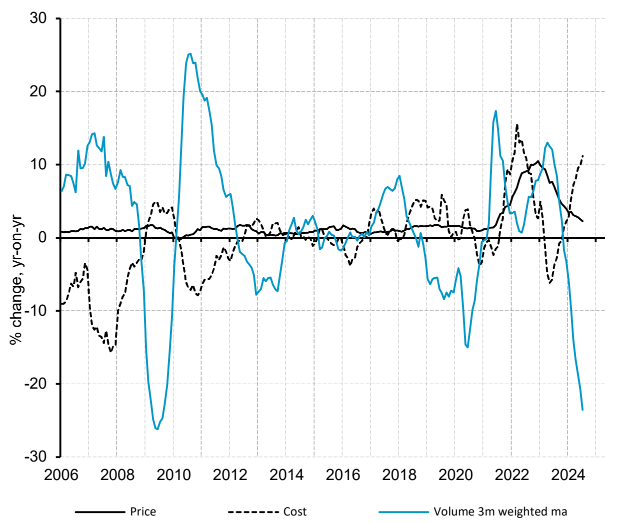
Annual Growth Averages (%)
Producers of electric motors, generators & transformers 3.6
German Manufacturers 2.9

Chart 2. Operating margin



Annual Growth Averages (%)
Producers of electric motors, generators & transformers 2.3
German Manufacturers 0.0

Chart 3. Price, cost & volume



Annual Growth Averages (%)
Price 1.9
Cost -0.4
Volume 1.7

Chart 4. Detailed price & cost dynamics

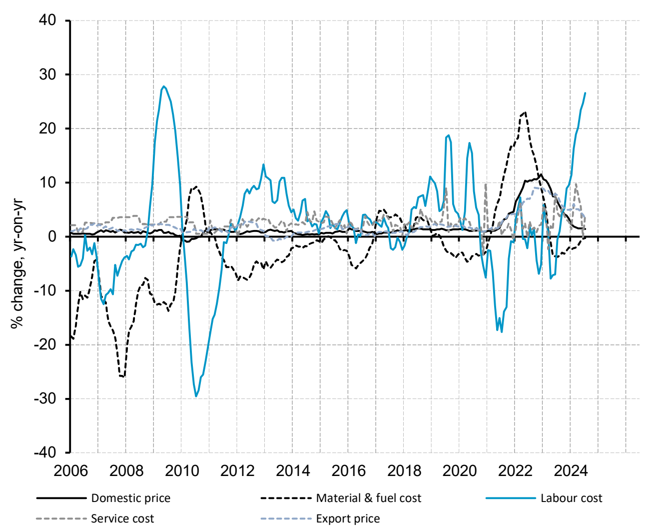


Chart 5. Labour productivity vs. wages

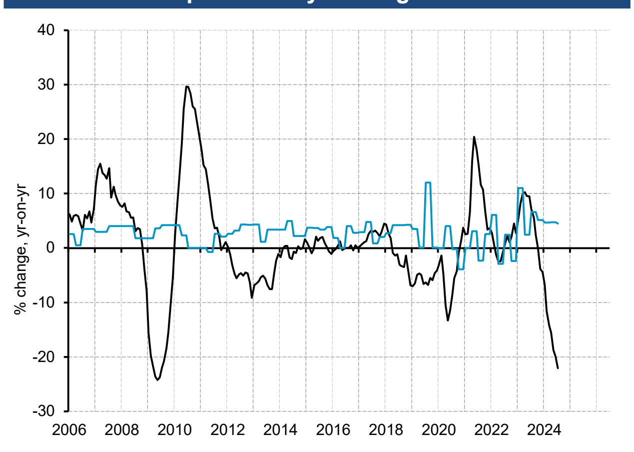
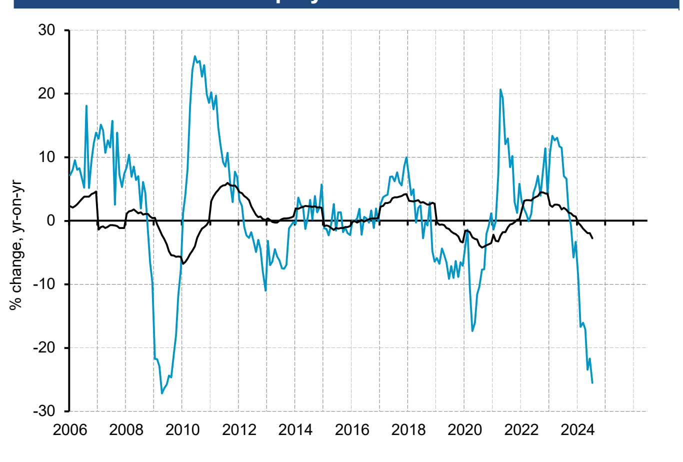
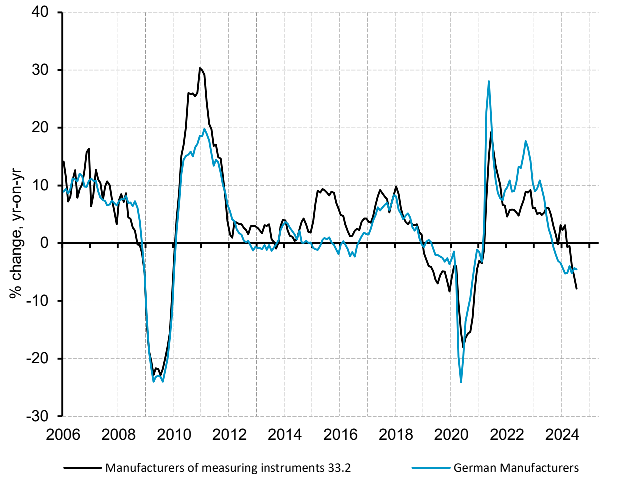


Chart 6. Volume vs. employment



German based Manufacturers of measuring instruments 33.2

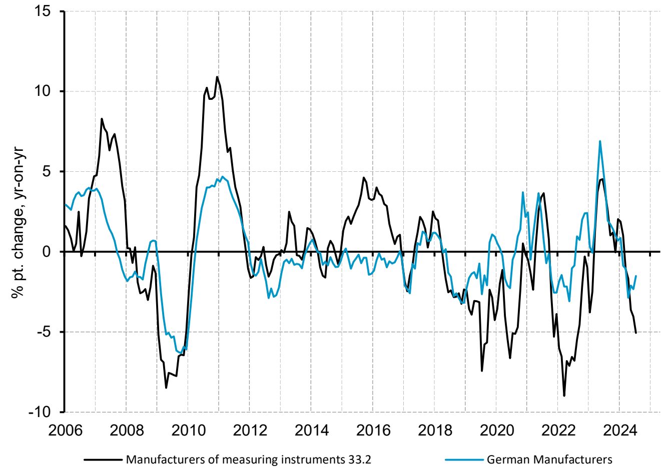
Chart 1. Operating sales, €



Annual Growth Averages (%)

Manufacturers of measuring instruments 3.9
German Manufacturers 2.9

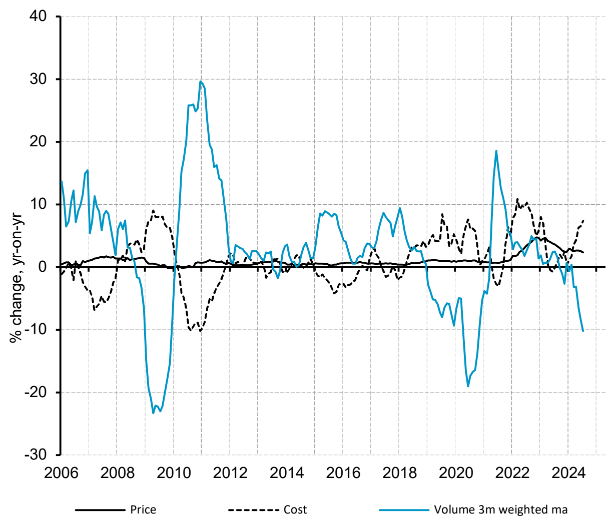
Chart 2. Operating margin



Annual Growth Averages (%)

Manufacturers of measuring instruments 0.1
German Manufacturers 0.0

Chart 3. Price, cost & volume



Annual Growth Averages (%)

Price 1.0
Cost 0.9
Volume 2.8

Chart 4. Detailed price & cost dynamics

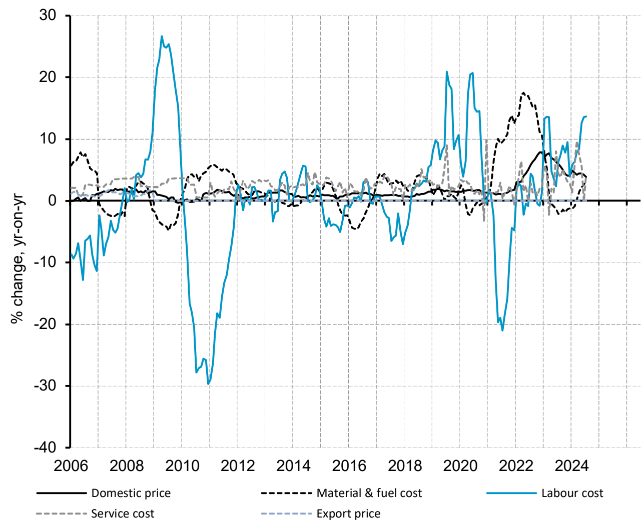


Chart 5. Labour productivity vs. wages

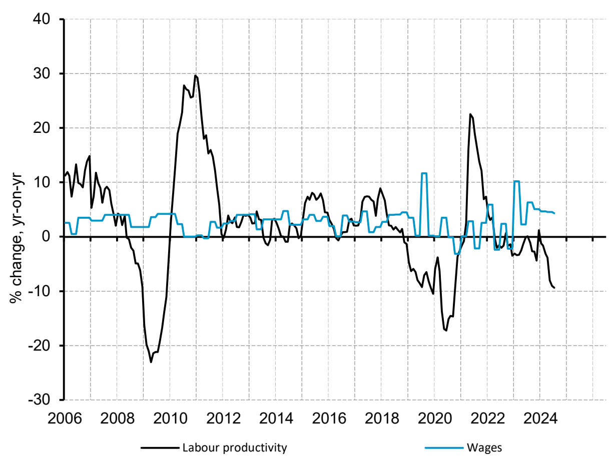
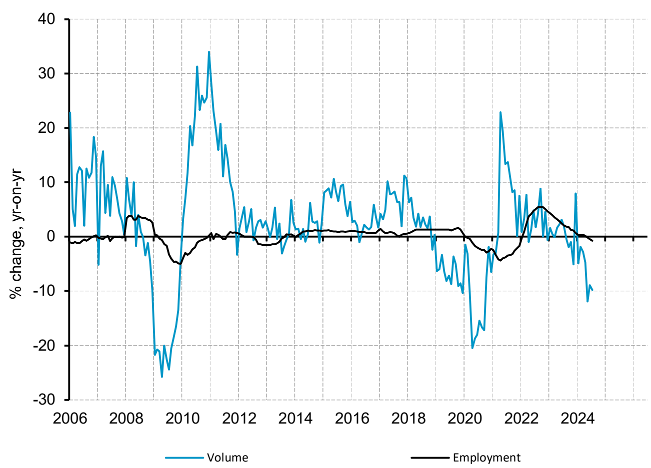


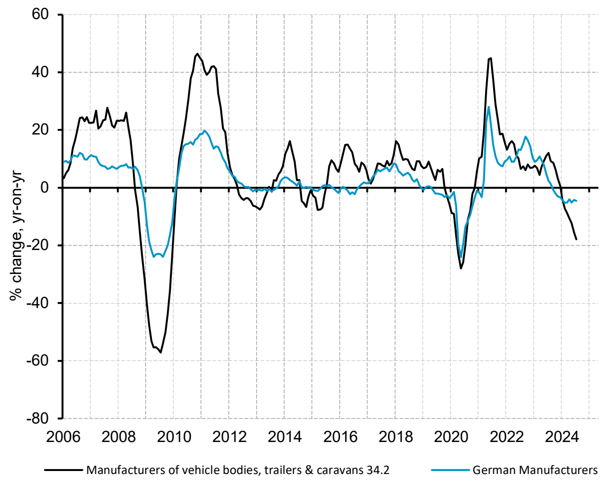
Chart 6. Volume vs. employment



06 September 2024
July Data

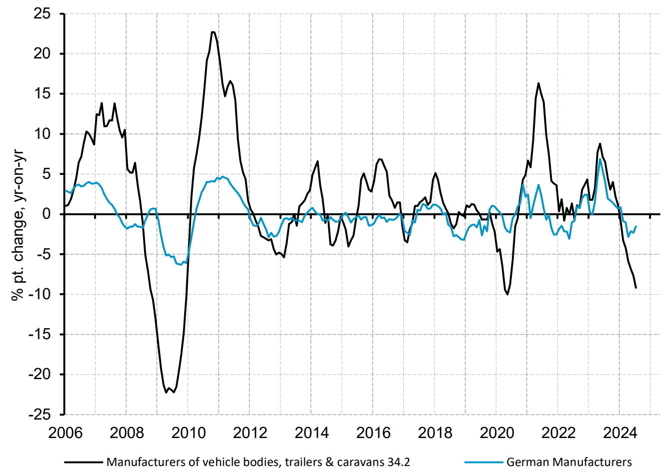
German based Manufacturers of vehicle bodies, trailers & caravans 34.2

Chart 1. Operating sales, €



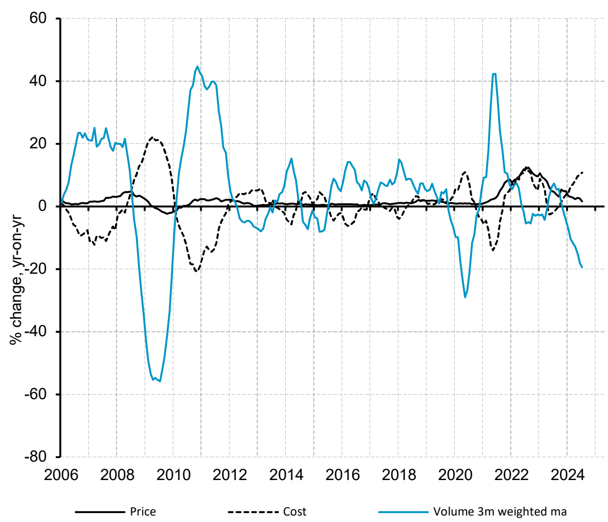
Annual Growth Averages (%)
Manufacturers of vehicle bodies, trailers & caravans 6.2
German Manufacturers 2.9

Chart 2. Operating margin



Annual Growth Averages (%)
Manufacturers of vehicle bodies, trailers & caravans 1.8
German Manufacturers 0.0

Chart 3. Price, cost & volume



Annual Growth Averages (%)
Price 2.1
Cost 0.3
Volume 4.1

Chart 4. Detailed price & cost dynamics

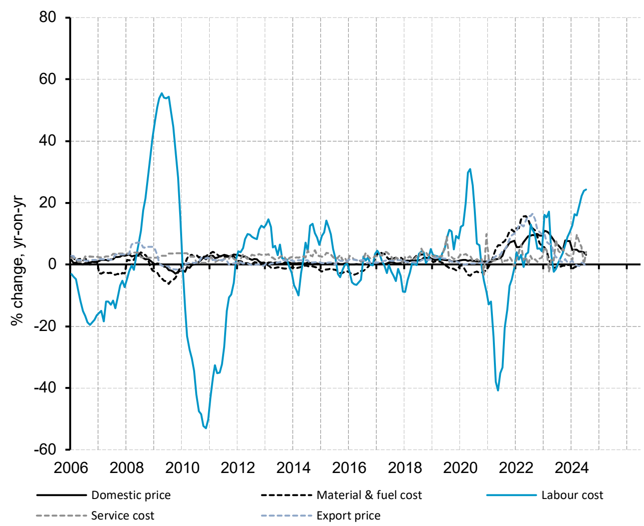


Chart 5. Labour productivity vs. wages

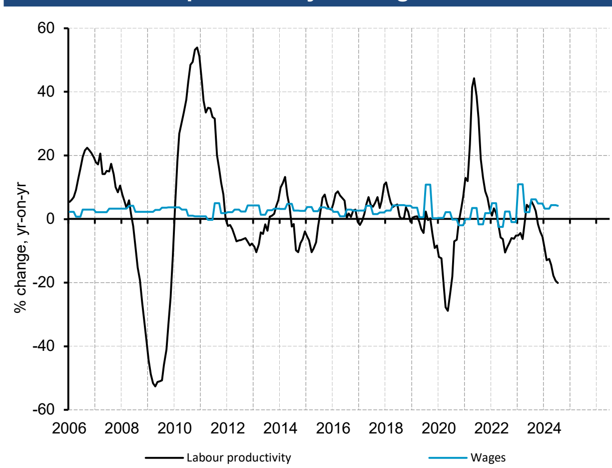


Chart 6. Volume vs. employment