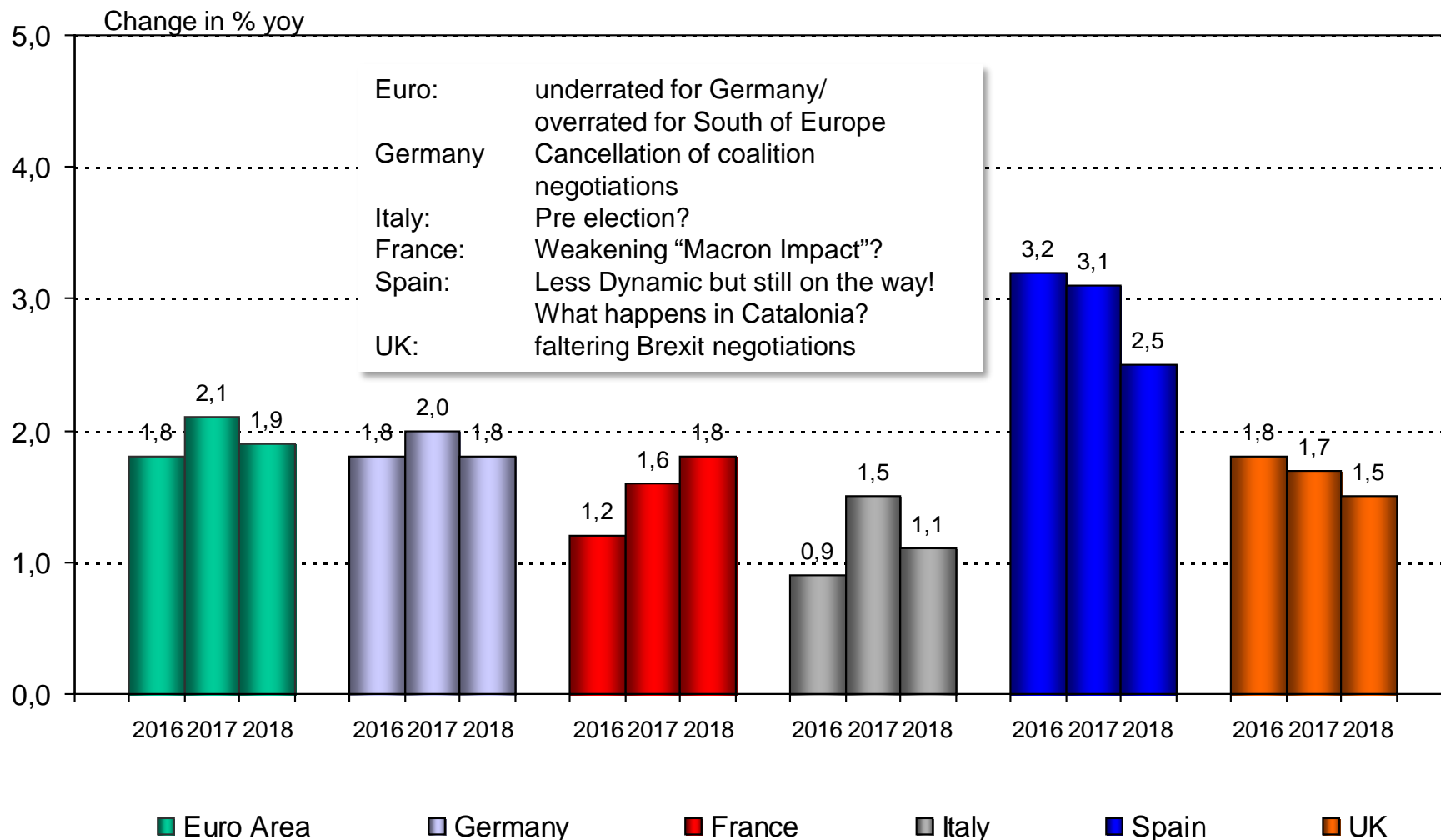


# Economy and Key Indicators Background for Foundry Business



Bild: Fotolia

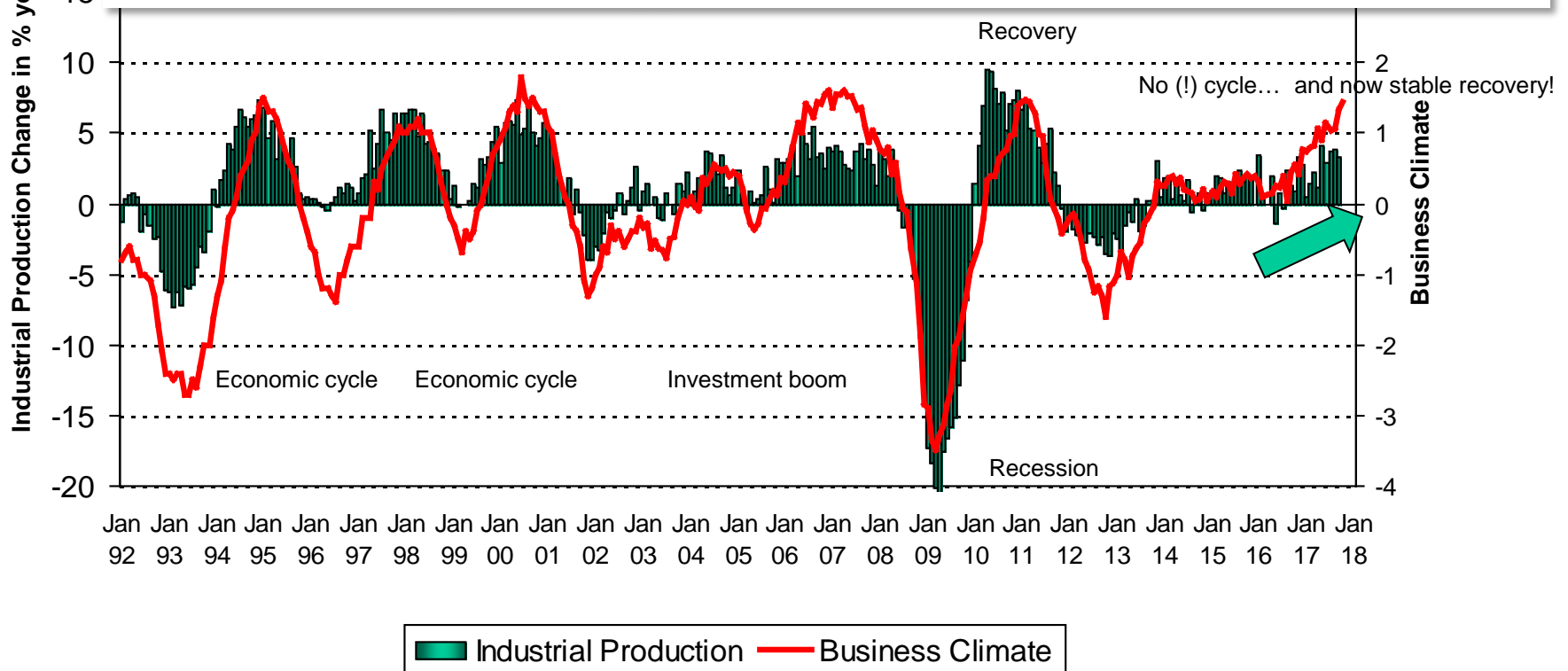
# World Economic Outlook 2017-2018 revised up in October 2017(exception UK)



Source: IMF, October 2017

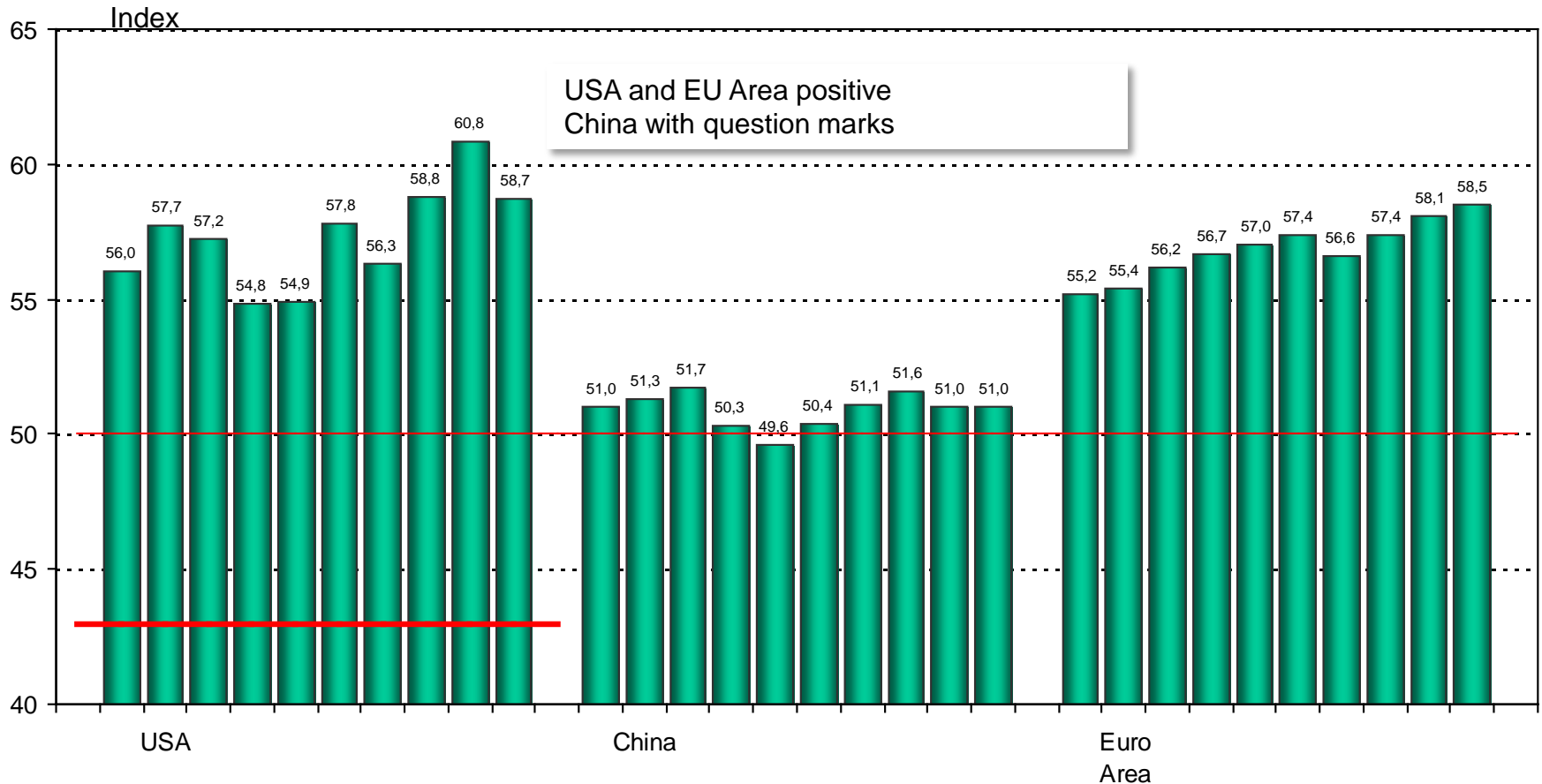
## Euro Area Business Climate Indicator October 2017

Snapshot October: The Business Climate Indicator for the euro area increased. Managers' appraisals of the stocks of finished products, past production and, in particular, overall order books improved strongly.



Source: Eurostat, Industrial Production September 2017

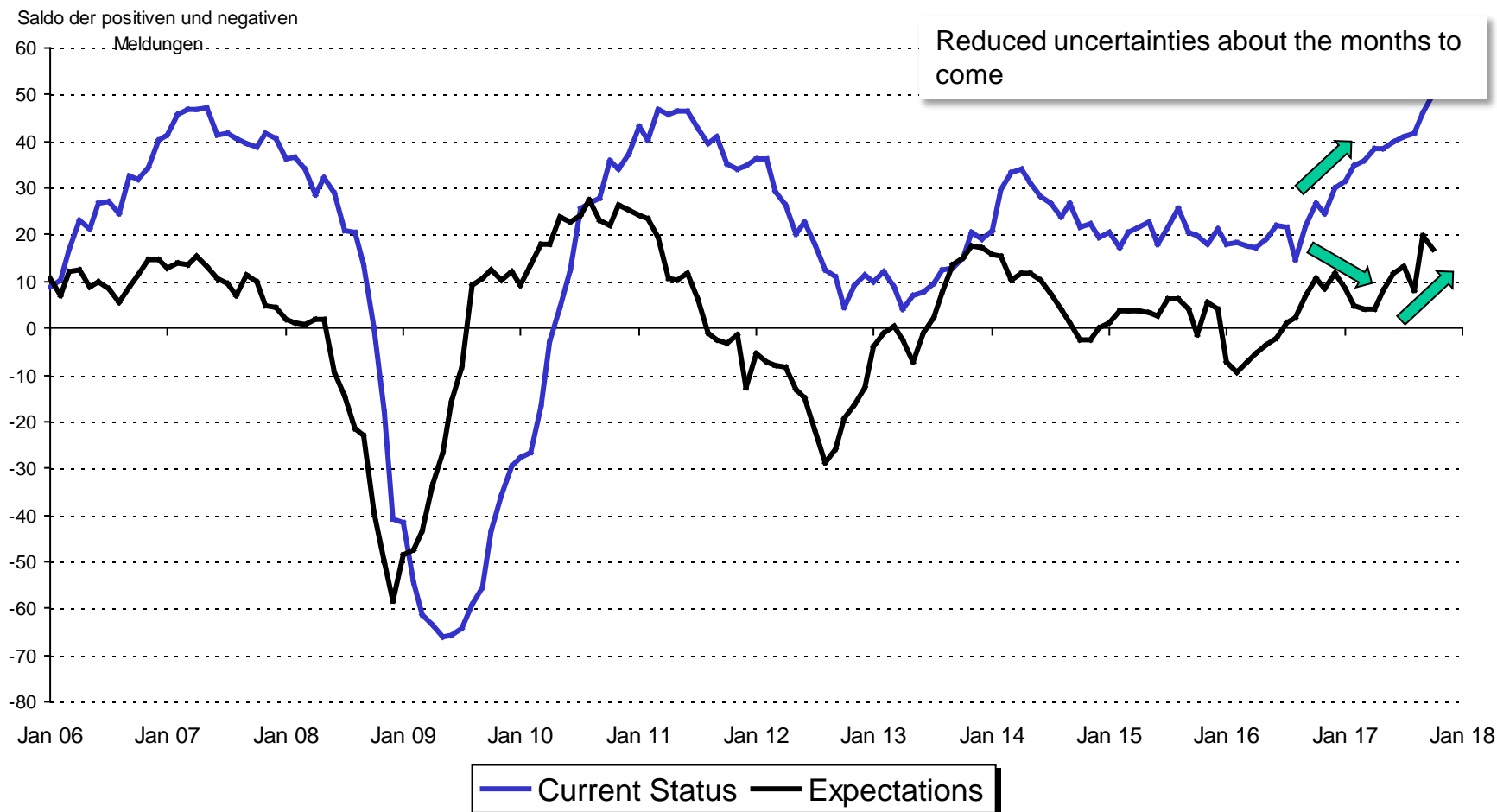
# Manufacturing Purchasing Manager Index (PMI) in large regions January 2017 – October 2017



Index above 50 points  
= increasing economy (dominated by industrial  
production and service)

Source: ISM, Markit, <http://de.tradingeconomics.com/>

# Business Climate Germany Industrial Supplier October 2017



Source: Ifo München, ArGeZ Arbeitsgemeinschaft Zulieferindustrie  
Saisonbereinigt, Saldo aus positiven und negativen Bewertungen,

## Short Summary and Open Questions



## Current Perspectives for the Foundries

- **Passenger cars:**



USA weak,

Europe: 2017 positive, but saturation point can be reached,  
2018 stagnation on a high level or positive impulses from Southern Europe?

Recovery in Russia and South America

China with extended support program and just before the start in the new area of electromobility!



- **General Engineering:**

2017 chance for plus three percent after years of stagnation, 2018 positive expectations

Positive: automation, robotics and rubber- and plastic machines, building machines  
wind turbines (volume at the peak, prices under pressure, USA TCP? 2018 negative)

Recovery: mining, agricultural, paper machines

- **Further Impulses possible from the Building Industry**



### Risks

Neverending story: Overcapacities – hard price competition – structural change

„Trump“-Impact and raising key interest rates in the USA could lead to

further capital outflow from emerging markets

Brexit declaration is dumping investments

# Open Questions and Uncertainties 2017

- **USA**

How quickly protectionism is working?

Results of just started NAFTA renegotiations?

Investmentboom with temporary positive impact for European plant manufacturer?

Direct tax penalties or modification of the tax system (border adjustment tax)

(current status: border adjustment tax is postponed)

- **China**

Real growth vs. official data

Reduction of capacity or delaying tactic and start of new capacities?

Intensive penetration of the European markets if the USA close the doors?

- **EU/ Brexit und Co.**

Impact of Brexit

= dumping effect for investments or impulses driven by relocation processes?

- **Turkey**

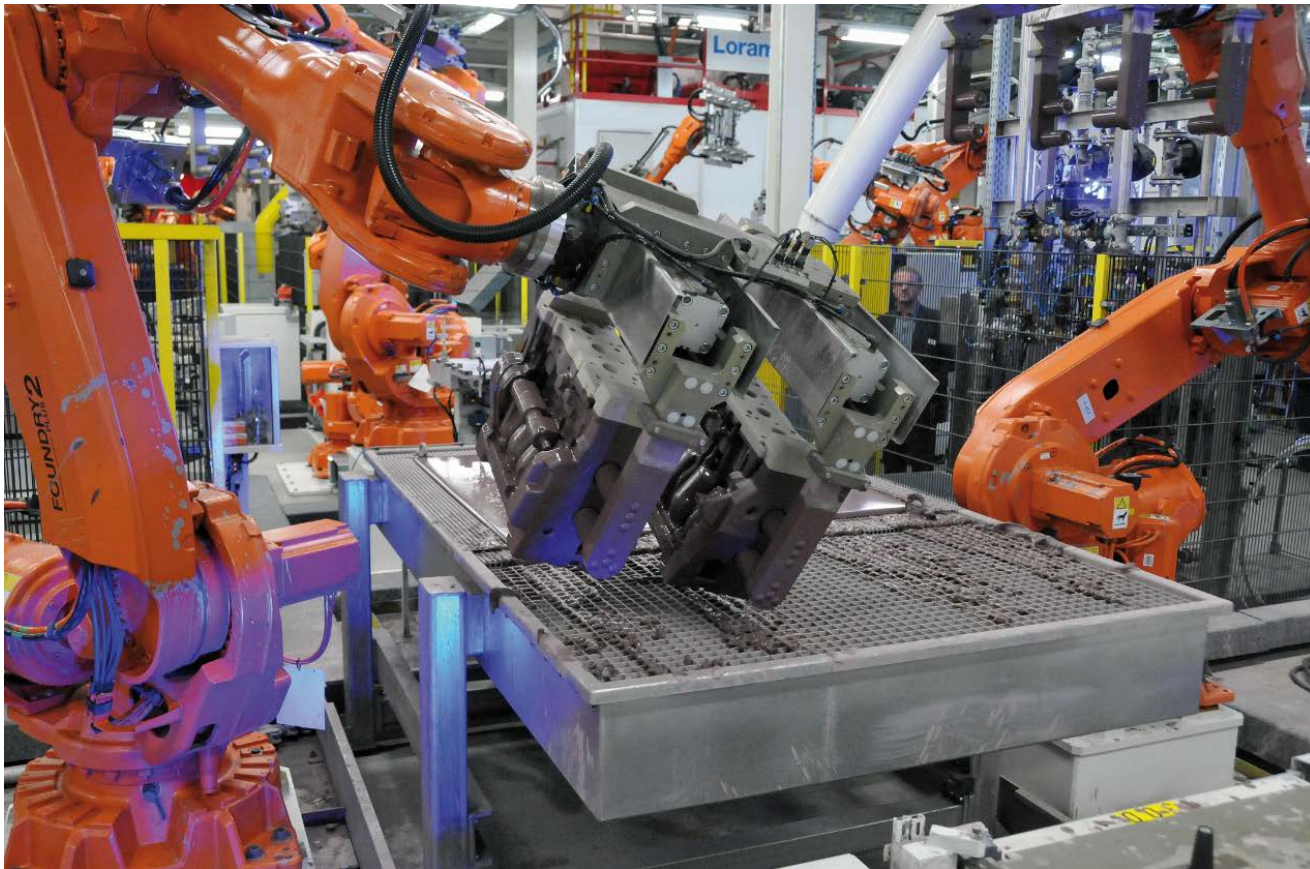
Development of the Lira = two sides of a medal

- **Other**

Dieseldiscussion, Elektromobility, Exchange rates

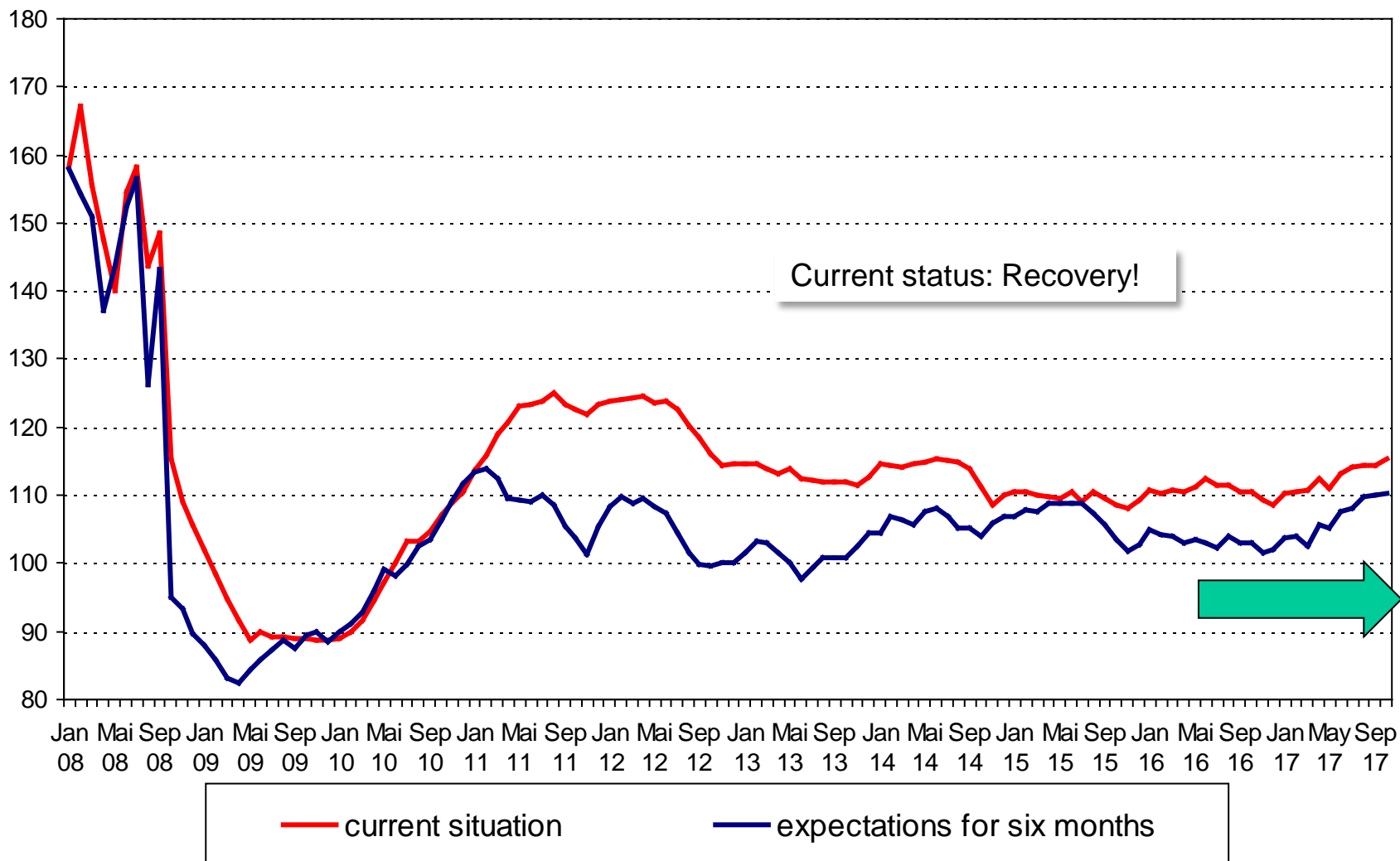


# European Foundry Industry Expectations



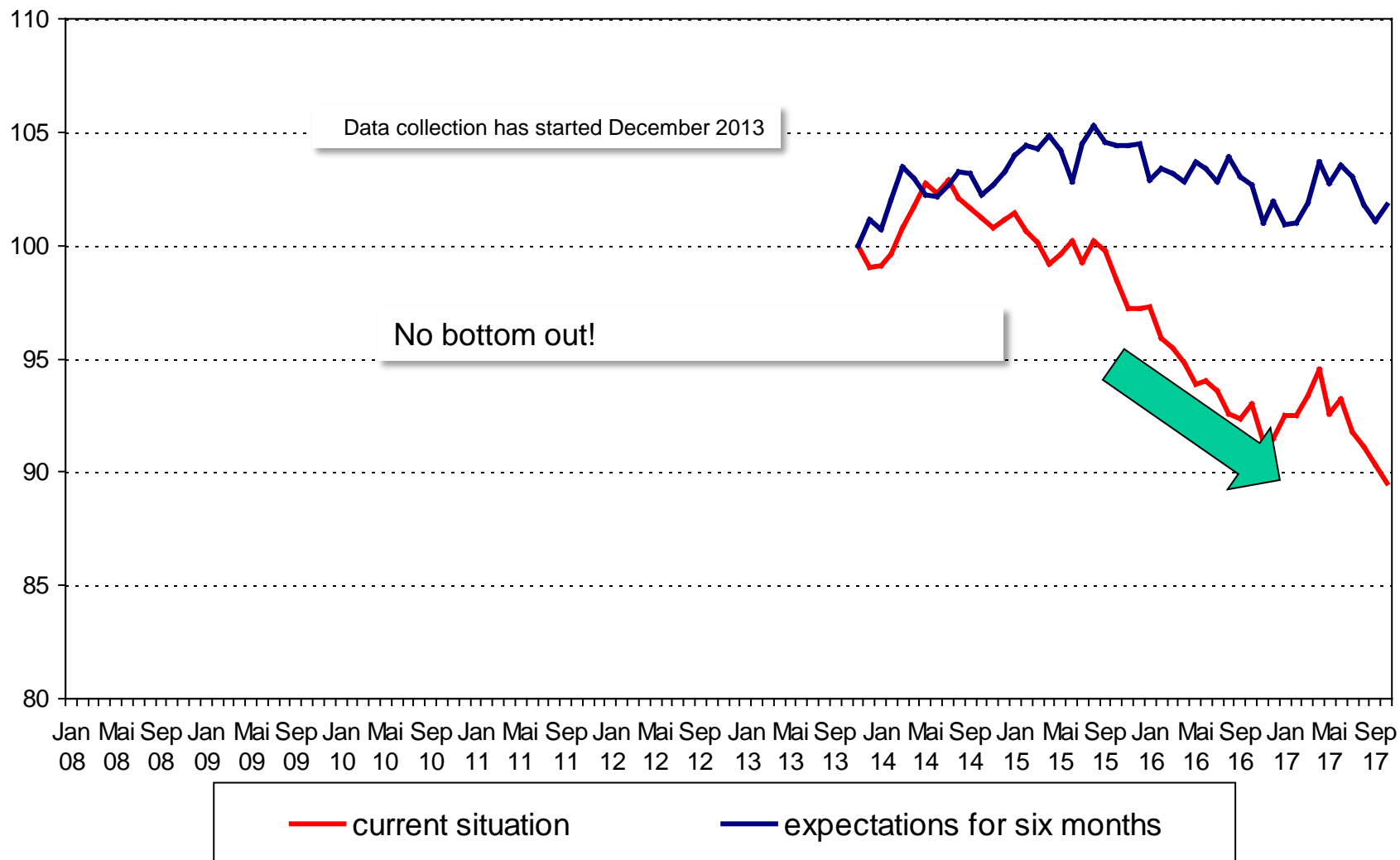
Source: Eisenwerk Brühl, Bernd Rosenbaum

# FISI – European Foundry Industry Sentiment Indicator (ferrous) October 2017



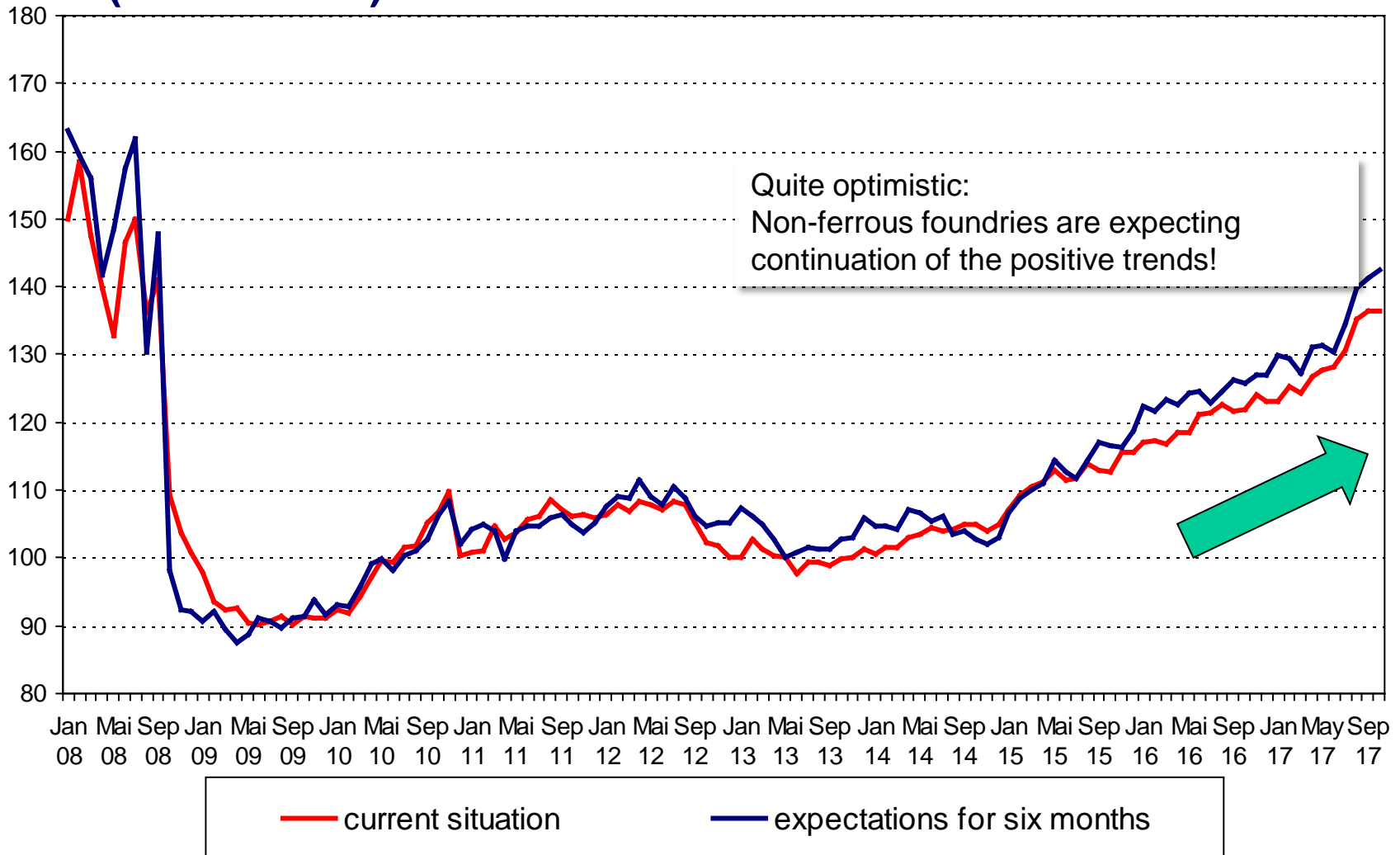
Source CAEF, Index 2010 = 100, recalculation since Jan 2017: country weight based on production 2015, incl. Bulgaria

# FISI – European Foundry Industry Sentiment Indicator (steel castings) October 2017



Source CAEF, Index 2010 = 100, recalculation since Jan 2017: country weight based on production 2015, incl. Bulgaria

# FISI – European Foundry Industry Sentiment Indicator (non-ferrous) October 2017



Source CAEF, Index 2010 = 100, recalculation since Jan 2017: country weight based on production 2015, incl. Bulgaria