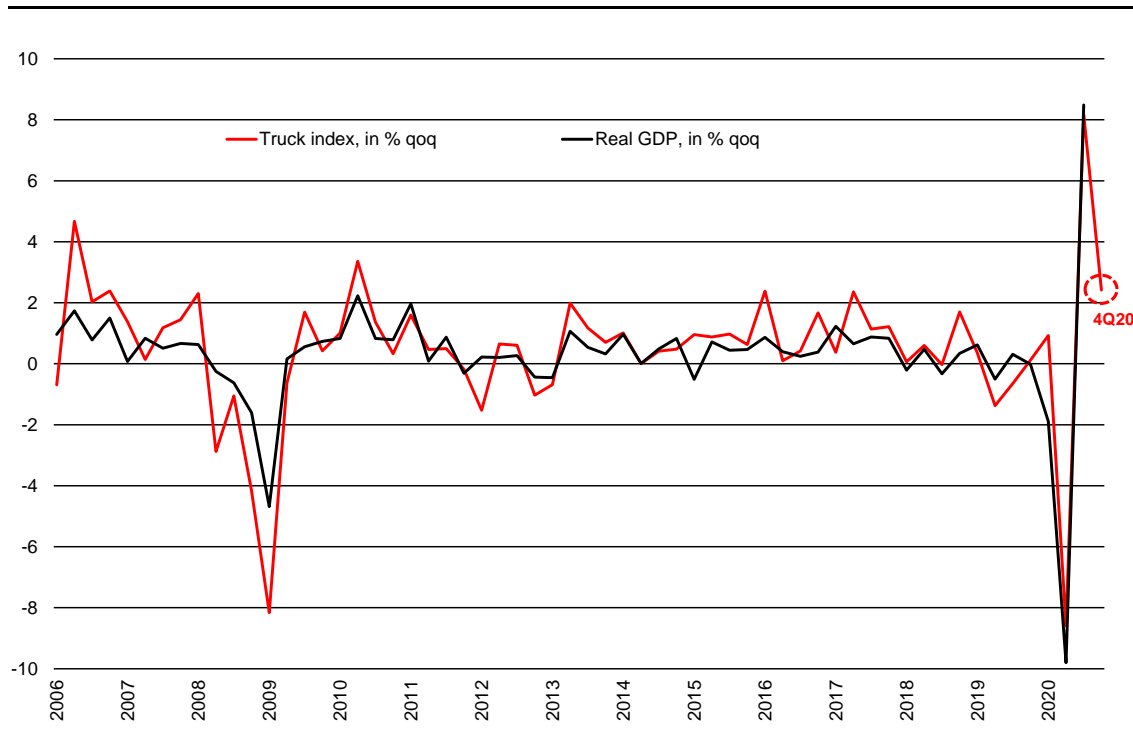


German truck index sends encouraging year-end message



Source: destatis, UniCredit Research

- Happy New Year! The fourth quarter of 2020 could become a pleasant surprise in terms of German economic activity. This is the message of the timely available truck-toll-mileage index which did not shrink but increased more than 2% qoq in 4Q20 after the rebound in autumn. In December, for which data are available until 25 December, the positive development still continued (+2% mom).
- The basic idea of the truck-toll-mileage index is straightforward. The more pronounced the need for transportation services, the steeper the rise in real GDP and vice versa. This simple relationship worked pretty well in the past as especially flagged by the latest pattern in spring and autumn.
- We think that high backlog orders collected by German industrial companies in previous months have been a literally “driving” force of the surprisingly high transportation activity. Backlog orders have been worked off by companies, thereby still maintaining good momentum in the manufacturing sector, the heart of the German economy. In contrast, and inevitably, low activities in some services sectors such as hotels, restaurants, etc. are not (fully) reflected by the truck index. Next week, the Federal Statistical Office will release the official GDP figure for 2020 including a first estimate of 4Q20.
- Needless to say, in the light of the latest restrictions in Germany but also abroad, the first quarter of 2021 might become a different and even tougher ball game. This is not only true for the services sector but also for the manufacturing industry where backlog orders might be dwindling.

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