



ECONOMICS AND STATISTICS

INTERNATIONAL MACHINERY AND EQUIPMENT MANUFACTURING

Bulletin international

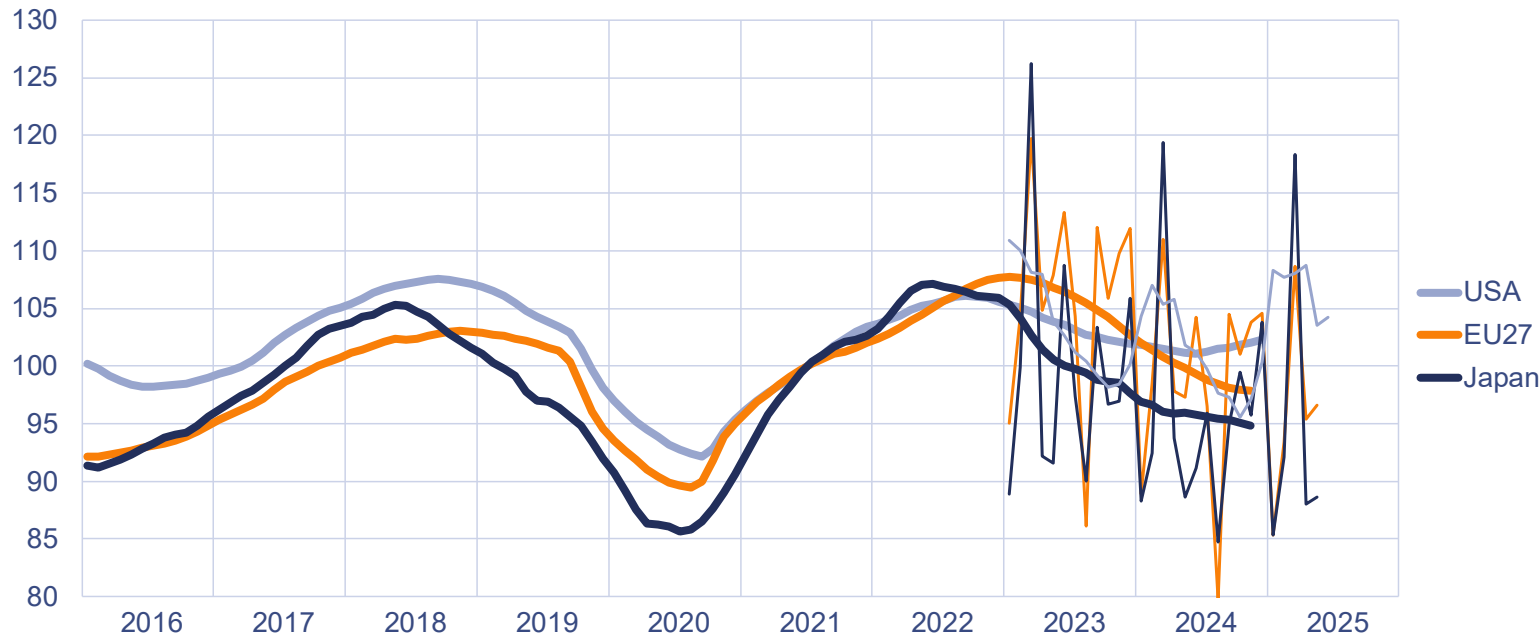
AUGUST 2025, ANKE UHLIG

ADVANCING EUROPE'S MACHINERY INDUSTRY



EU-27, USA, Japan: Machinery production

Volume index, 2021 = 100 and 12-months moving average



*) NACE rev. 2 code 28.

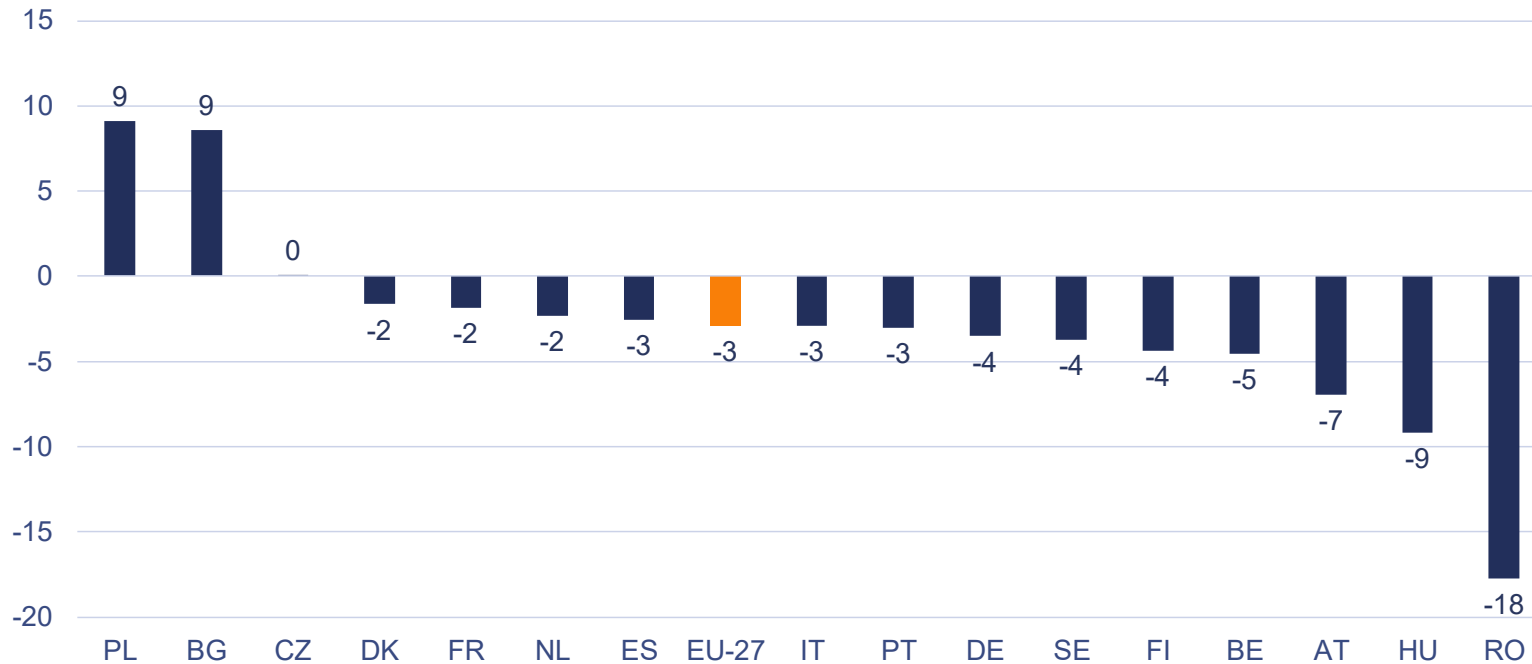
Source: Eurostat, Federal Reserve, METI, Macrobond, VDMA

Production output in the **U.S.** machinery and equipment manufacturing industry rose by 3 percent in June 2025. The last time growth of three percent or more was recorded in January 2023. The result for the first half of the year was 2 percent higher than in the same period last year. In **Japan**, machinery and equipment manufacturing increased production output by 2 percent in May after seasonal adjustment. However, over the first five months of the year, the previous year's result was missed by 2 percent. In the **EU**, preliminary figures for May show the smallest calendar-adjusted decline in production since August 2023, with a drop of just 1 percent compared to the previous year's result. Between January and May, around 3 percent fewer machines and equipment were produced in the EU.

(All figures are price-adjusted and preliminary and refer to the same period of the previous year.)

EU-27: Production in machinery and equipment manufacturing*

January - May 2025/2024, %, real, calendar adjusted



Most EU countries are currently producing fewer machinery products than a year ago. Over the first five months of the year, the declines were mostly in the range of 2 to 4 percent, which is one percentage point higher or lower than the EU average. Only Poland and Bulgaria have bucked the trend so far. In Romania, on the other hand, production fell by double digits. The figures from Hungary, with a decline in the almost double-digit range, and from Austria, with a drop of 7 percent, are also striking.

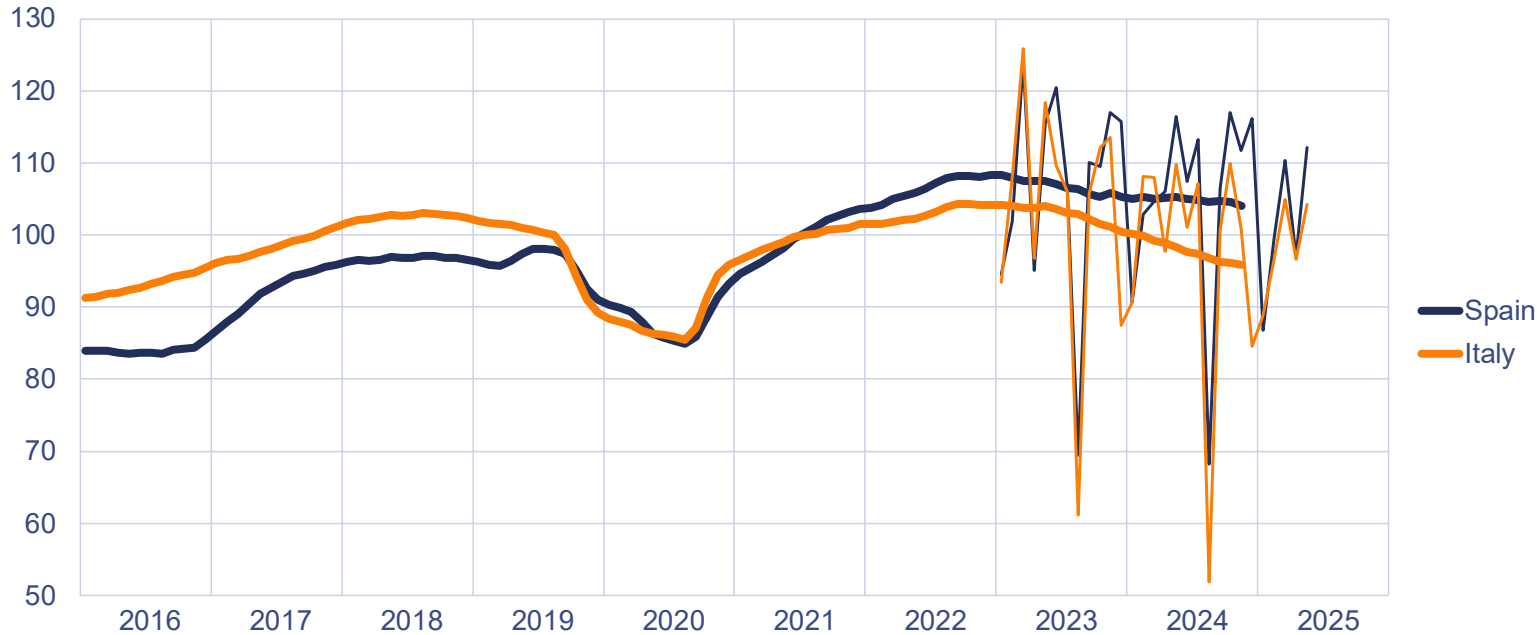
(All figures are subject to price and calendar adjustments and are provisional).

*) NACE rev. 2 chapter 28.

Source: Eurostat, Macrobond, VDMA

Machinery production* in Italy and Spain

Volume index, 2021 = 100 and 12-months moving average



Production output in the **Spanish** machinery and equipment manufacturing industry was higher in May 2025 than in the previous reporting months of the current year. However, it fell short of the previous year's result by 2.5 percent. This is the seventh consecutive decline. In the first five reporting months of the current year, production output was also 2.5 percent lower than in the same period of the previous year.

Machinery production in **Italy** has been shrinking since July 2023. In May, it fell short of the previous year's figure by 1 percent. For the period from January to May, a decline of 3 percent was recorded.

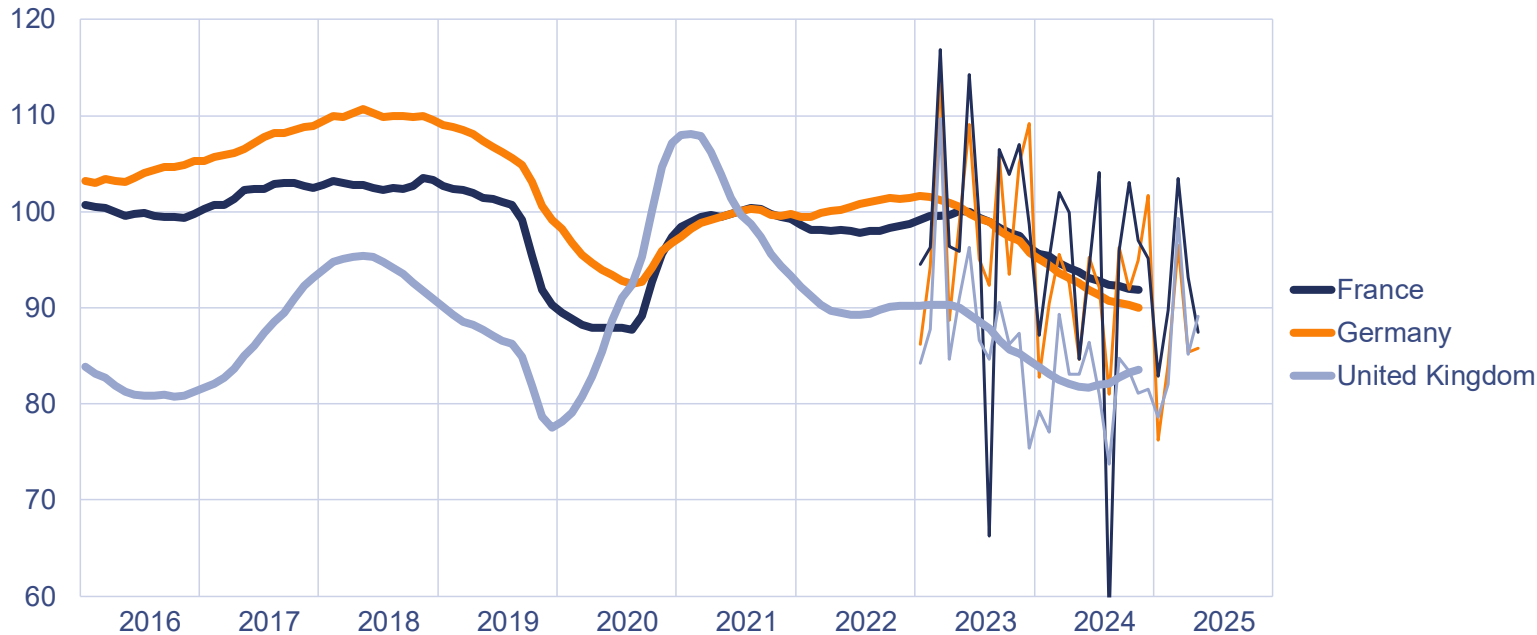
(All data are price and calendar adjusted and provisional).

*) NACE rev. 2 code 28.

Source: Eurostat, Federal Reserve, METI, Macrobond, VDMA

Machinery production* in Germany, France and United Kingdom

Volume index, 2021 = 100 and 12-months moving average



*) NACE rev. 2 code 28.

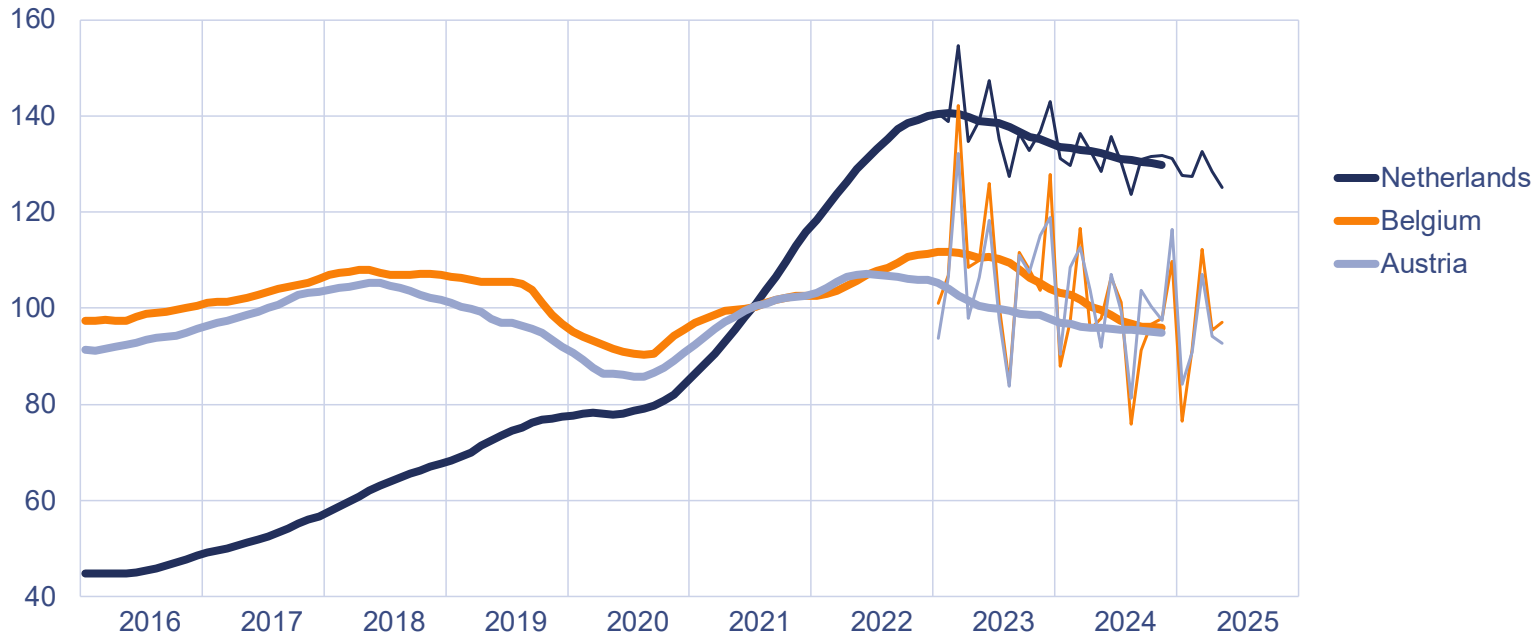
Source: Eurostat, Federal Reserve, METI, Macrobond, VDMA

In **Germany**, preliminary data shows that machinery output declined by one percent year-over-year in May, adjusted for price and calendar effects. For the period from January to May, output fell by a total of 3.5 percent due to sharper declines in January, February, and April. In **France**, machinery production developed positively in May. Measured against the low base of the previous year, this resulted in real growth of 4 percent. Cumulatively, the result for the first five months of the reporting period remained negative at -2 percent. The **British** machinery and equipment manufacturing industry achieved a significant 9 percent increase in production in May. In the first five months of the year, production output rose by more than 5 percent.

(All data are price and calendar adjusted and provisional).

Machinery production* in Austria, Belgium and the Netherlands

Volume index, 2021 = 100 and 12-months moving average



*) NACE rev. 2 code 28.

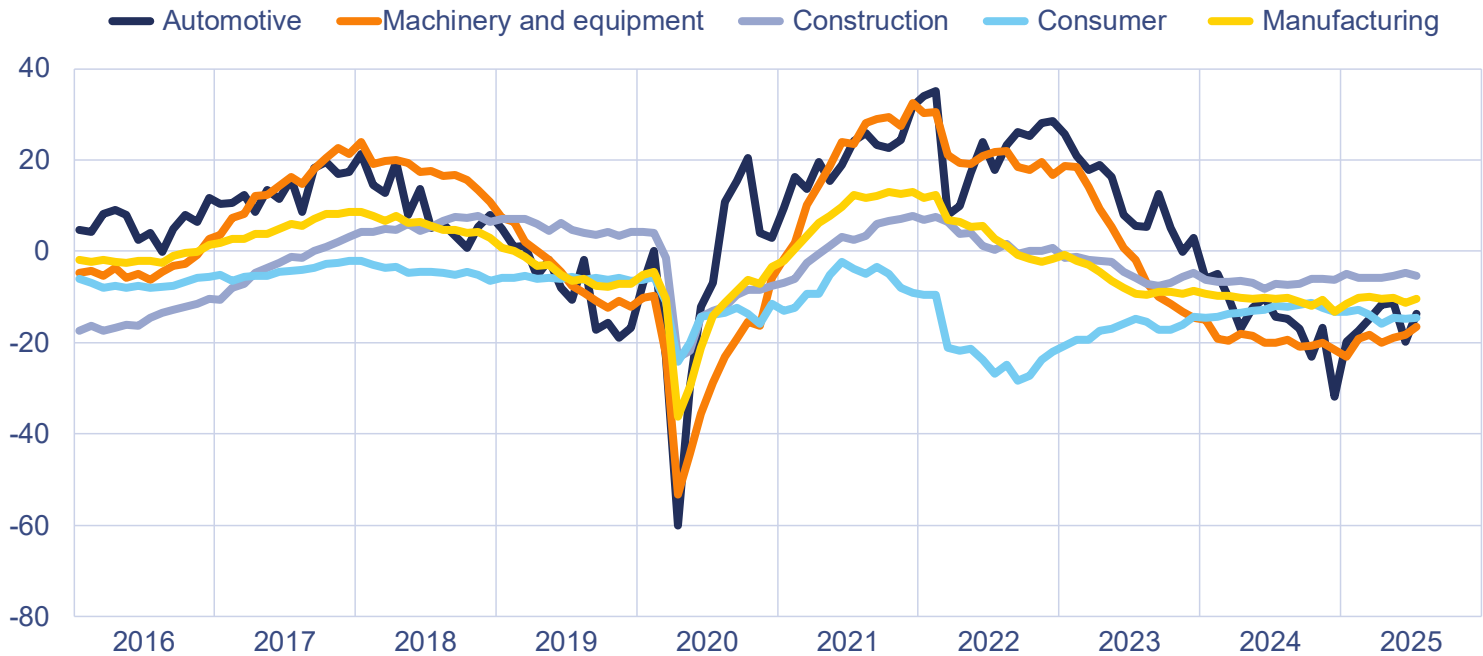
Source: Eurostat, Federal Reserve, METI, Macrobond, VDMA

In May 2025, production output in the **Dutch** machinery and equipment manufacturing industry fell by 1 percent compared with the same month last year. In the first five months of the year, production had to be cut by 2 percent. In **Belgium**, too, machinery production contracted by just 1 percent in May 2025. However, due to the negative development in the previous months – in particular the double-digit decline in January – the cumulative result for the period January to May is almost 5 percent below the same period last year. In **Austria**, the preliminary production figure for April was revised significantly downward, resulting in a decline of 10 percent. Companies had to cut production further in May. The figure for the same month last year was missed by 4 percent. In the first five months of the year, the cumulative decline was 7 percent, which was significantly higher than the EU average.

(All data are price and calendar adjusted and provisional).

EU-27: Business climate in selected sectors

Balance of positive and negative answers, seasonally adjusted

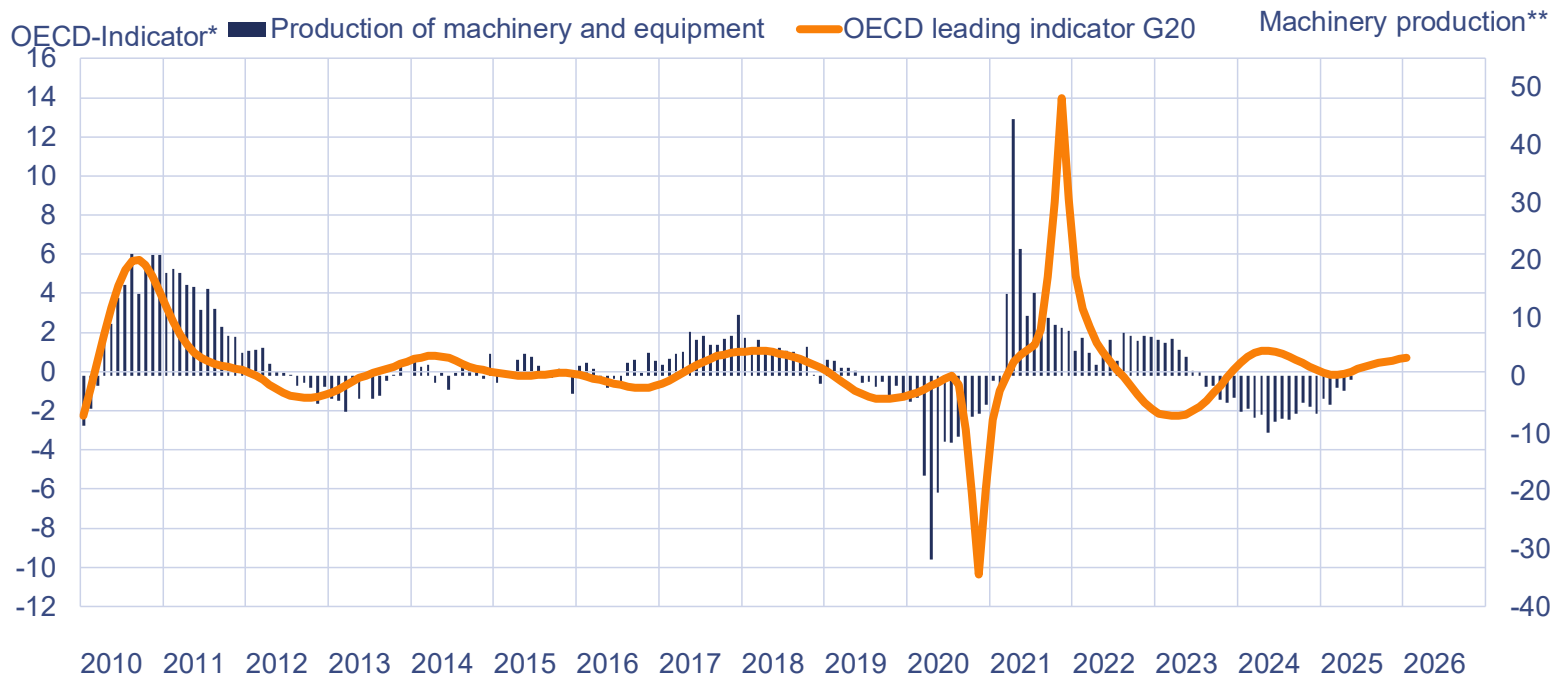


In July, sentiment in the EU manufacturing sector brightened slightly. While the assessment of the current situation in EU machinery and equipment manufacturing remained negative at -35, future production expectations improved for the third month in a row. At +2, the balance returned to positive territory for the first time since summer 2023. In the automotive industry, the business climate improved significantly, with the assessment of the current situation rising by 11 points to -28.5.

In the interactive report [Economic Indicators EU Countries](#) you can take a look at the business climate of sectors in the individual EU countries.

Source: EU Commission, Macrobond, VDMA

EU-27: Machinery production and OECD Leading indicator (Leading indicator shifted forward by 7 months)



The OECD Composite Leading Indicator has been a good leading indicator for EU machinery and equipment manufacturing industry in the past. However, in periods of exogenous shocks, it regularly loses its lead, which is usually seven months ahead of EU machinery production. The indicator currently points to a slightly positive production trend in the second half of 2025. However, the erratic US tariff policy could leave its mark in the coming months.

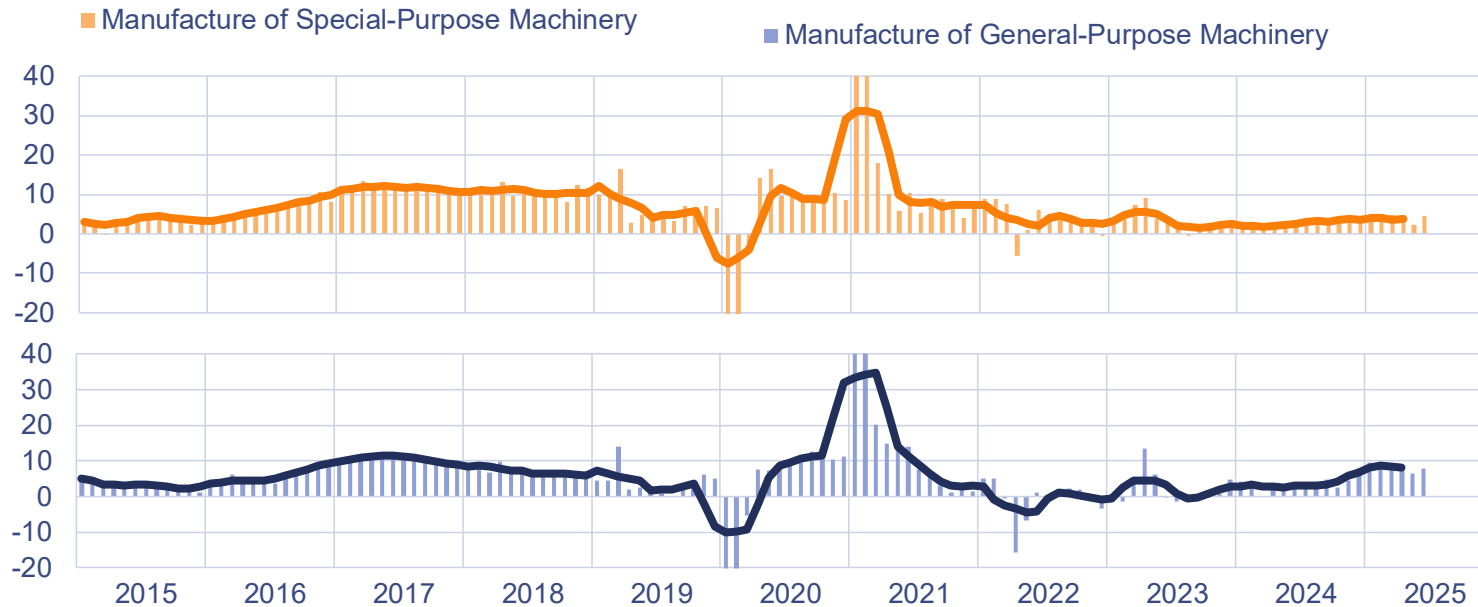
*) 12-months moving average.

**) Real change against previous year in percentages.

Source: OECD, Eurostat, Macrobond, VDMA

China: Machinery production by sectors

Real, year-on-year, change, %

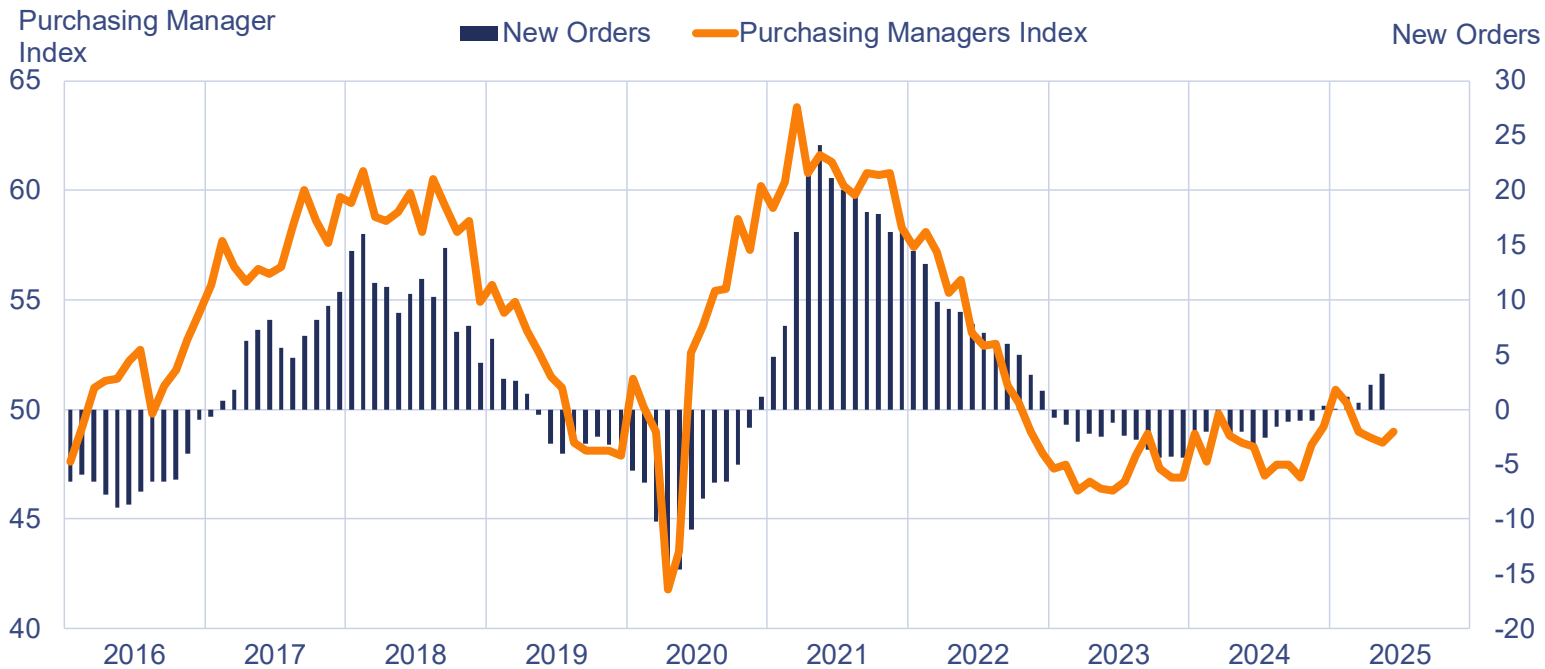


Note: Axis truncated at -20 and +40 for presentation reasons.
Central 5-month moving average

Source: NBS, Macrobond, VDMA

After somewhat weaker production growth in May, higher growth rates were reported again for June. Production in general-purpose machinery rose by almost 8 percent, and in specific-purpose machinery by almost 5 percent. In the first half of the year, the industry's production output was 6 percent above the level of the same period last year. By comparison, the increase in the first quarter was almost 7 percent.

USA: Purchasing Managers' Index (manufacturing) and new orders of U.S. machinery and equipment manufacturing

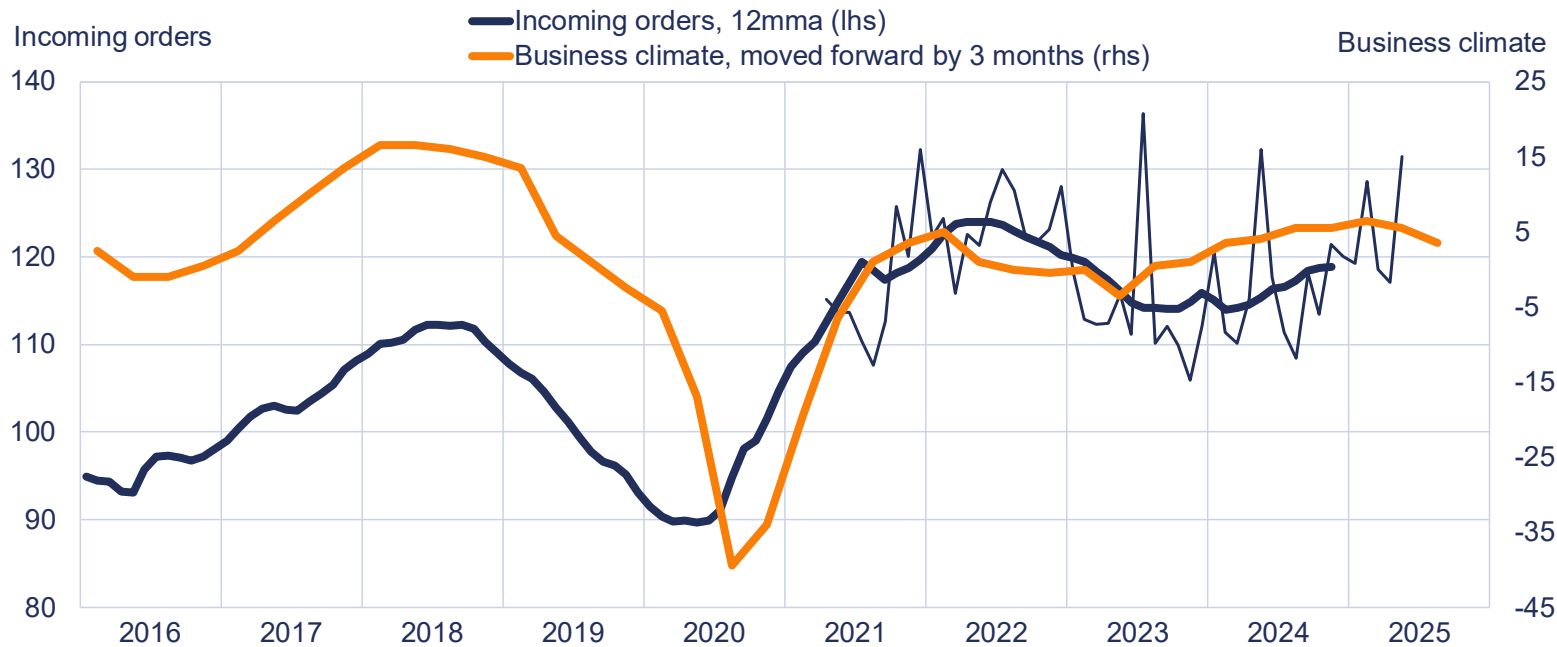


* %-change against previous year of 3-mm average.

Source: Institute for Supply Management®, Census Bureau. VDMA.

In June, US machinery and equipment manufacturing companies recorded a nominal increase in orders of 5 percent. This was the fourth consecutive increase in orders. In the first half of the year, order intake was a good 2 percent above the level of the same period last year, with demand in the second quarter developing more dynamically at +3 percent than in the first quarter (+1 percent). The Purchasing Managers' Index for the manufacturing sector, which reflects sentiment among large companies, was slightly higher in June at 49 index points than in the previous month. The picture behind this is mixed: while production returned to growth, order intake and employment contracted for the fifth month in a row. The dominant issue for companies remains the volatile tariff policy.

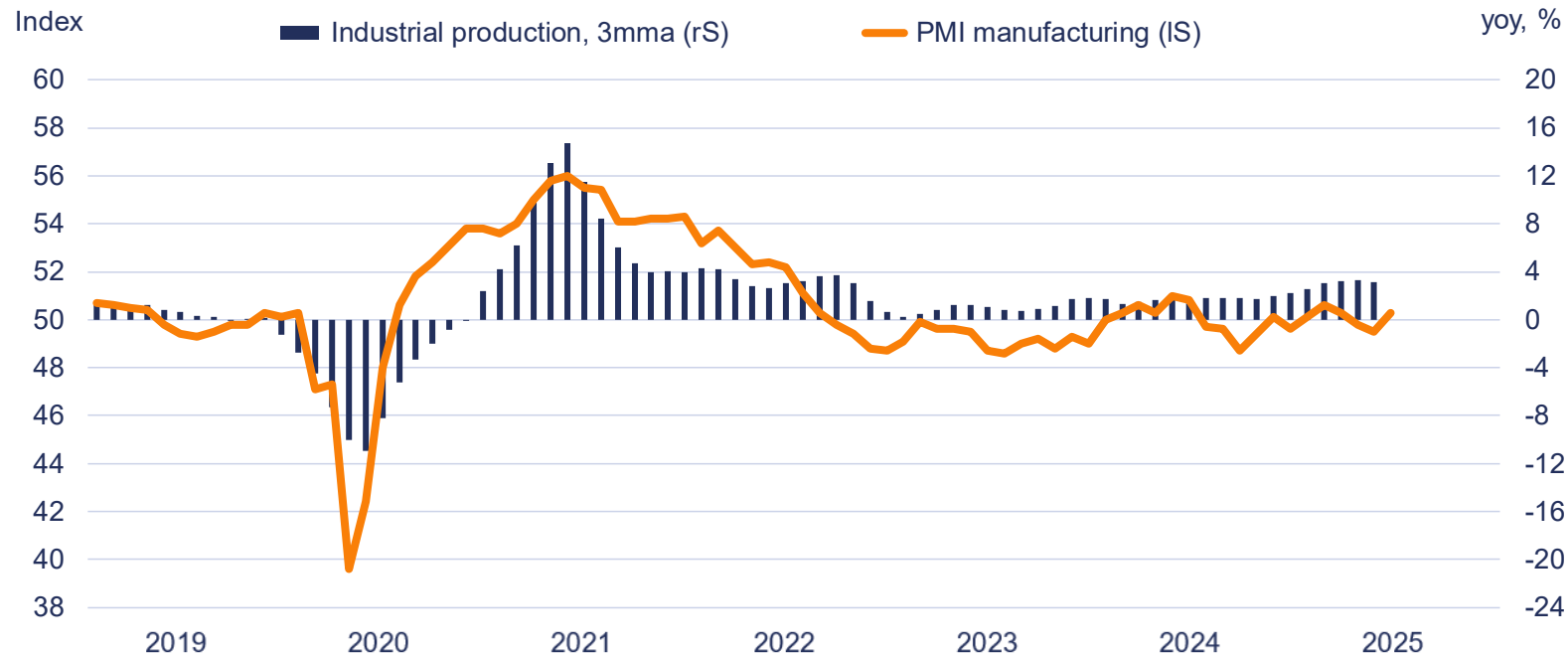
Japan: Business climate in manufacturing and incoming orders in machinery and equipment manufacturing



Business climate: mean of situation and expectations Source: Japanese Cabinet Office (CaO), TANKAN, Macrobond, VDMA
 Incoming orders: index value, 2015=100, seasonally adjusted, real

In May, order intake in the Japanese machinery and equipment manufacturing sector lost further momentum. Adjusted for price effects, it fell 1 percent short of the previous year's result. In the period from January to May, order volumes were 2 percent above the previous year's level thanks to the very good performance in February and March. Demand fell by double digits year-on-year for manufacturers of machine tools, plastics machinery, agricultural machinery, and fluid power equipment. The Bank of Japan's TANKAN survey reported a slight deterioration in sentiment in the Japanese manufacturing sector at the end of the second quarter of 2025, as the business outlook was assessed as slightly worse than in the previous quarter. The weaker sentiment reflects the increasing caution of companies in view of the ongoing uncertainties caused by US tariffs and subdued demand from China.

World: Industrial production and PMI manufacturing

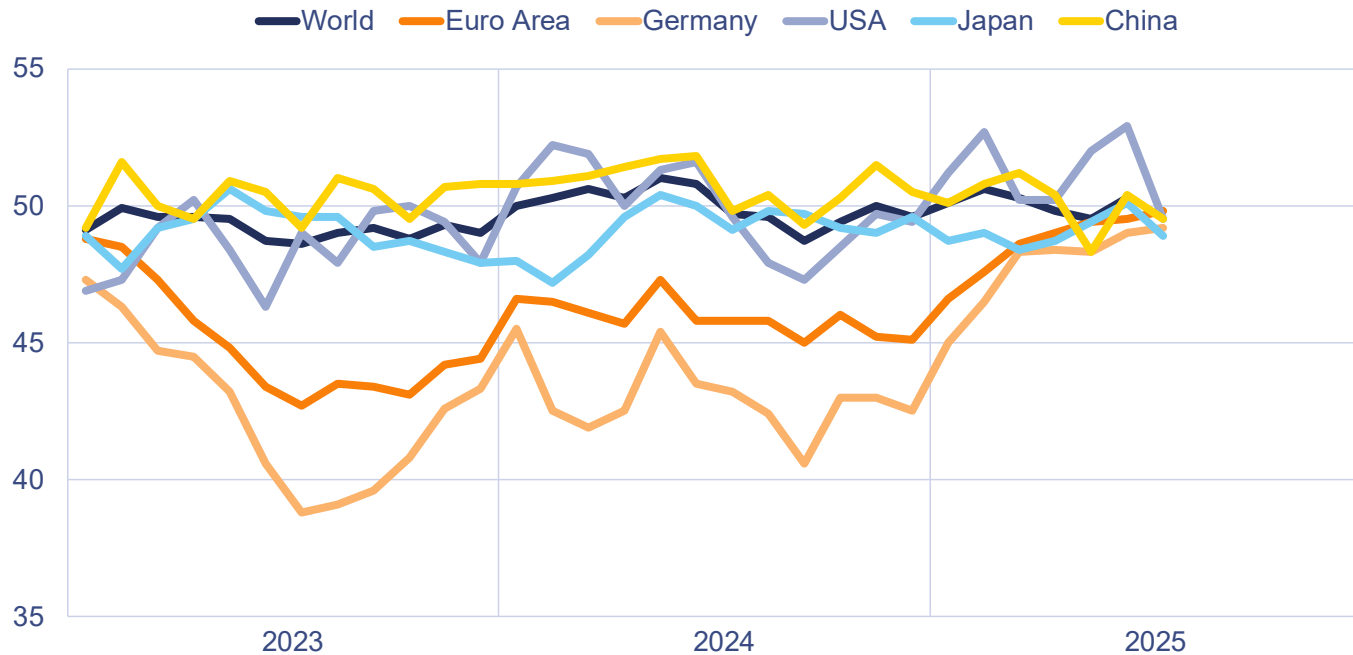


Source: cpb, J.P.Morgan, S&P Global, Macrobond, VDMA

Global industrial production rose by 3.1 per cent in real terms in May 2025 compared with the same month last year. This is also in line with the growth rate for the first five months. Growth was generated primarily in China, where output rose by 6.3 percent year-over-year in the period from January to May 2025. In the developed economies, however, industrial production growth was only half the global average. In Japan, there was a slight decline in production in the current month. In the US, May saw the lowest increase in the current year at 0.7 percent. As in March 2025, production growth of 3.3 percent was reported in the eurozone, the highest since October 2022. The global Purchasing Managers' Index gives hope for a good result in June, as it returned to expansionary territory.

Purchasing Managers Indices manufacturing by countries

Indices (50 = no changes)

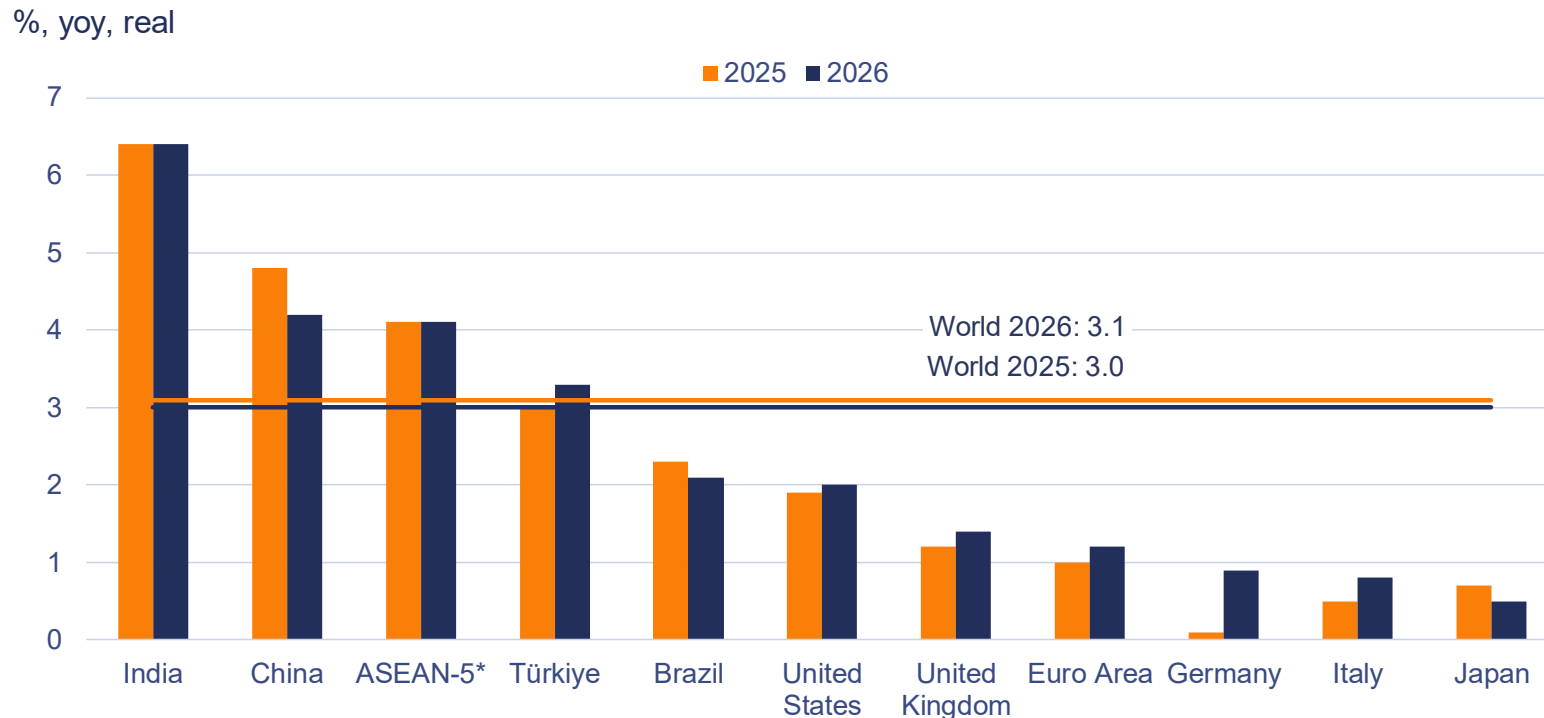


Source: S&P Global, Macrobond, VDMA

The According to the preliminary purchasing managers' estimates, the economic situation in industrial companies in the eurozone and its largest economy, Germany, was slightly better in July than in the previous month. Industrial production expanded for the fifth time in a row, with Germany playing a significant role. According to the survey results, developments in the US and Japan were less dynamic in July than in the previous month. In both countries, there was less optimism about the future. The Chinese Purchasing Managers' Index for the manufacturing sector fell below the neutral mark of 50.0 for the second time in three months in July, indicating a slight deterioration in business conditions.

(Values above 50 indicate a good, expansive situation, values below 50 indicate a downward trend).

World: GDP expectations



*Indonesia, Malaysia, Philippines, Singapore and Thailand.

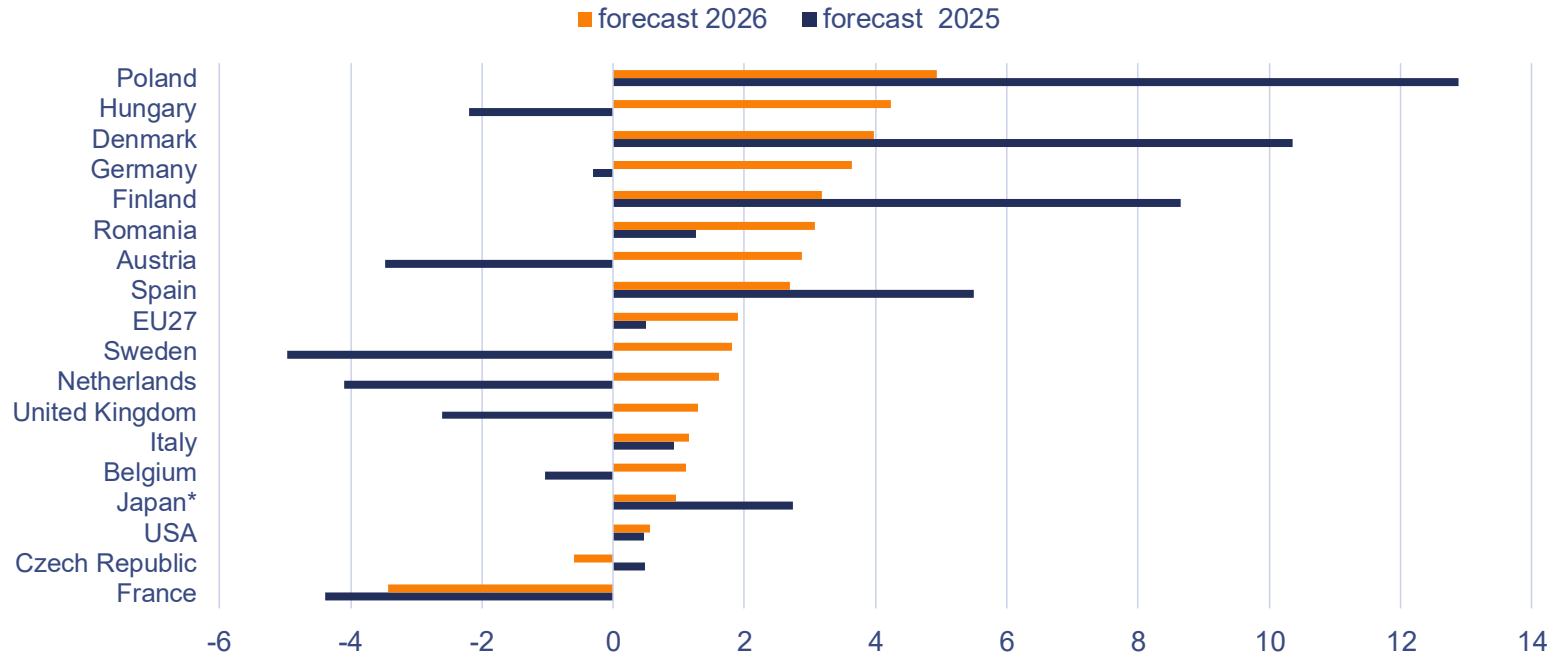
Source: IMF WEO Update July 2025, Macrobond, VDMA

The International Monetary Fund (IMF) forecasts global growth of 3.0 percent for 2025 and 3.1 percent for the following year. Both forecasts are slightly higher than in the April 2025 model. This is mainly due to lower average effective US tariff rates than originally announced. In addition, the conditions under which companies, consumers, and governments borrow money have improved. However, as the chart shows, the overall picture masks considerable differences in economic development between individual countries.

Global inflation is expected to fall to 4.2 percent in 2025 and 3.6 percent in 2026, similar to the April forecast.

Investment in equipment in the EU, USA and Japan

Volume (percentage change on preceding year)



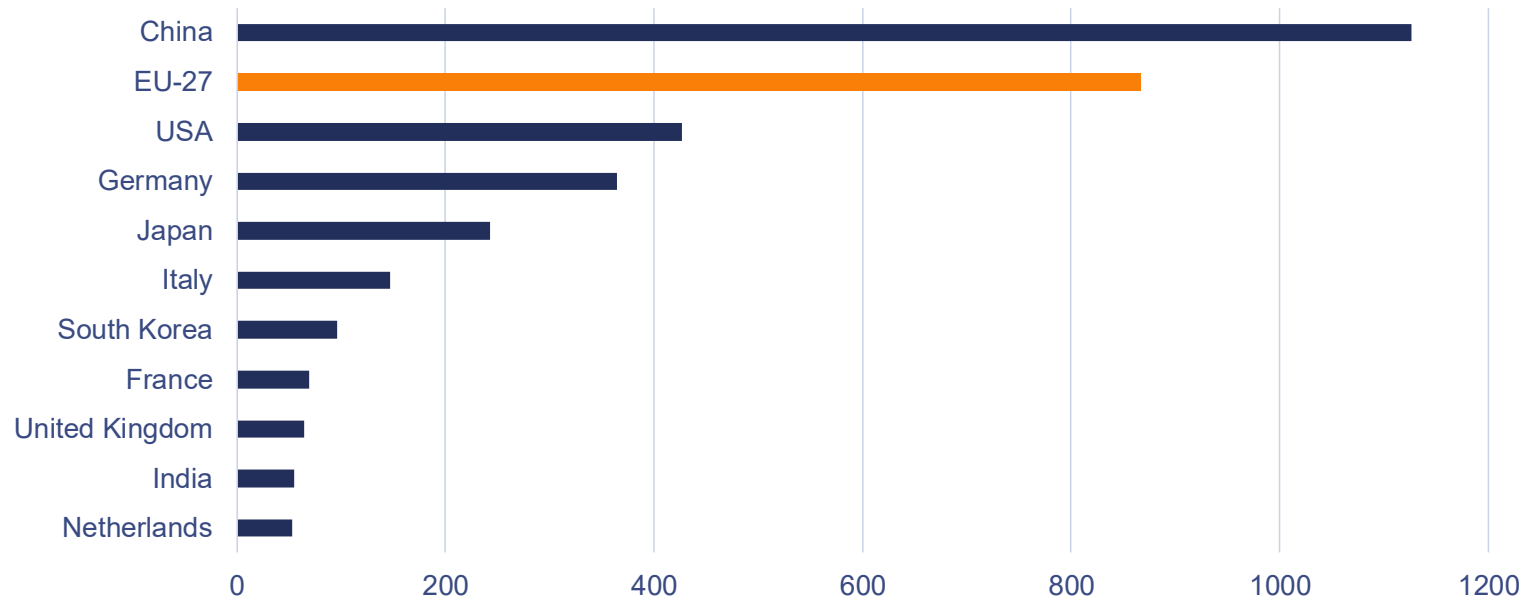
Source: European Commission, Macrobond, VDMA

The EU Commission expects a gradual recovery in investment in equipment goods in 2026. As in previous years, investment activity in some EU countries will be supported by EU funding. In addition, many member states are increasing their spending on defense procurement. In France, domestic demand remains subdued, which is having a negative impact on investment demand. Major industries such as chemicals and automotive are holding back on investment.

Please note: The statistical category "investment in equipment" includes investments in machinery and equipment as well as investments in weapons and systems, information and communication technology (ICT), and vehicles.

World: Machinery turnover 2024 Top-10 country ranking

In bn EUR, mainly estimated



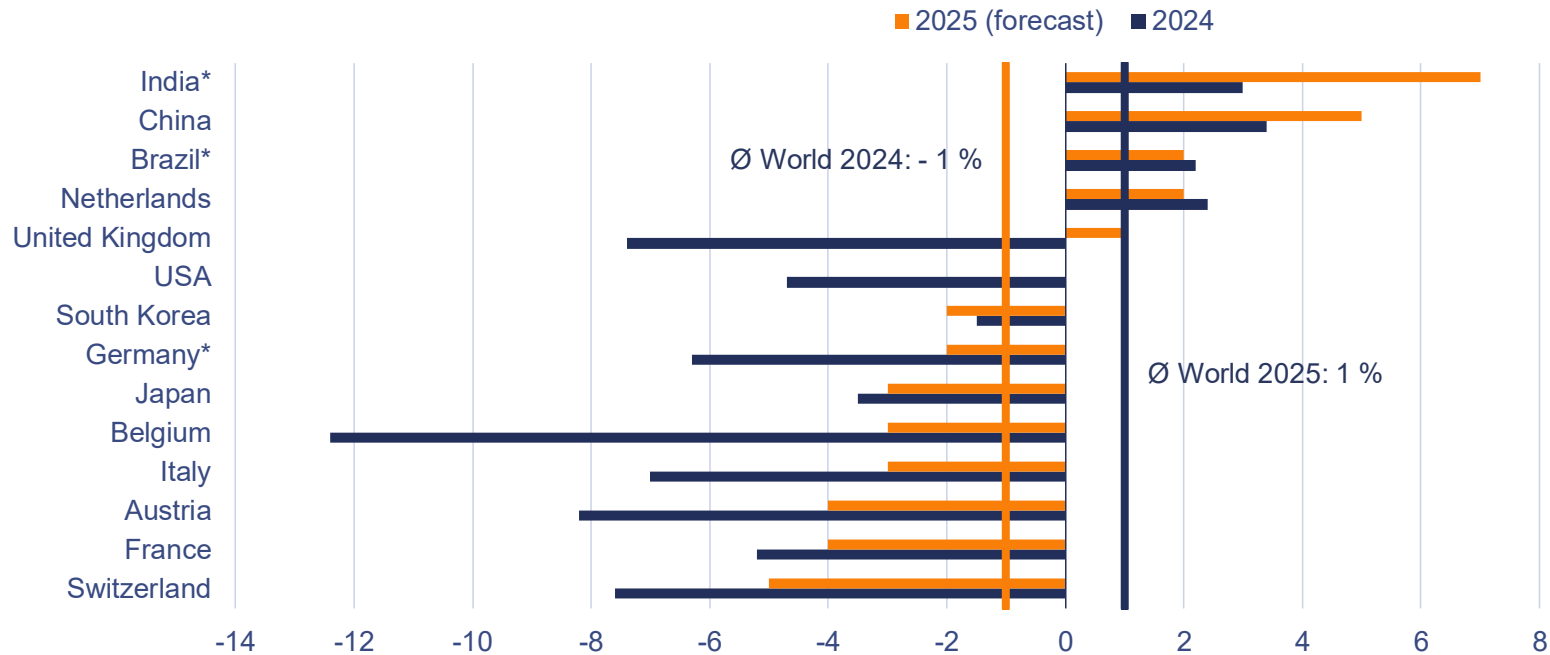
Source: VDMA estimations based on National Statistics, Eurostat and UNIDO.

In 2024, machinery and equipment worth an estimated €3.26 trillion were sold worldwide. In euro terms, this was again 1.5 percent less than in the previous year. Due to currency devaluations against the euro, the sales figures for some countries were reduced in the euro analysis. Turkey, Japan, and South Korea are particularly noteworthy in this regard. There were no changes in the top 10 country ranking in the past reporting year. The EU economic area achieved a turnover volume of €867 billion in 2024, which corresponds to just under 27 percent of global machinery turnover. By comparison, China's share was almost 35 percent and that of the USA 13 percent.

You can find more graphics and a tabular overview on our website: [Global machinery turnover 2024: declining again - vdma.org - VDMA](https://www.vdma.org/en/global-machinery-turnover-2024-declining-again)

Machinery and equipment manufacturing: Turnover

%, yoy, volume



For many machinery companies, the first quarter of 2025 was better than expected. Among the top 10 production locations, India is likely to achieve the highest turnover growth in 2025. In China, too, the industry is likely to continue its positive development and even exceed last year's growth. The outlook for Brazil also remains positive. In the case of Japan, South Korea, and Switzerland, the forecasts were revised downward in July. Machinery turnover will decline in most EU economies in 2025, with the exception of the Netherlands.

*) Production, Germany only 2025.

Source: Eurostat, National Statistics, VDMA (July 2025)

Your contact

FOR FURTHER INFORMATION PLEASE CONTACT:

Anke Uhlig



VDMA Economics and Statistics
Lyoner Str. 18
60528 Frankfurt

+49 69 6603-1388
Anke.Uhlig@vdma.eu