

Eurozone exports increase does not make up for April decline

Despite all of the obvious woes surrounding the trade outlook, the trend for eurozone exports of goods remains positive. After a weak April, the overall 2Q reading will likely still be weak



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The 1.4% seasonally-adjusted increase in exports in May comes after a large drop in April and while the trend still seems to be positive, the question is whether nominal exports will have grown over the quarter. A decline in exports of goods has been expected for a while, but 1Q figures were still quite positive. That was not least related to UK stockpiling ahead of a no-deal Brexit though. With that out of the way, 2Q was set to come in weak.

Weakening global growth and the trade conflict uncertainty have clouded the outlook for some time and eurozone businesses have been indicating that their competitiveness outside of the EU has been faltering over recent quarters, which is usually closely related to growth in real exports. For now, declining demand among large export markets has been limited to Turkey and South Korea, but expectations for the quarters ahead remain rather cautious.

The second quarter is likely to have been very soft and the question is whether net exports will have still contributed positively given the large increase in March thanks to UK stockpiling. Expect a

poor GDP reading for 2Q, which is something that the European Central Bank will be pencilling in as well ahead of next week's meeting.

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