

## German exports plunge in March

The sharp drop in German exports in March is the first hard evidence of the impact the war in Ukraine is having on the German, but also on the European, economy.



We have the first hard data on the economic impact from the war in Ukraine. German exports (seasonally and calendar adjusted) fell sharply and dropped by 3.3% month-on-month in March. Exports to Russia as a result of the sanctions almost came to a standstill and fell by more than 60% month-on-month. On the year, total German exports were up by more than 8%. At the same time, the fact that imports increased by 3.4% month-on-month indicates that supply chain frictions have not yet reached the German economy.

Looking ahead, despite richly filled order books, the short-term outlook for German exports doesn't look encouraging. New lockdowns in China and a continuation of, instead of easing, last year's supply chain disruptions will leave significant marks on German industry. According to a recent Ifo survey, almost half of all German companies are dependent on imports from China. Also, the war in Ukraine is very likely to disrupt other supply chains for good. More generally, with a high risk that the war accelerates the trend of deglobalization and high energy and commodity prices for longer, the German export sector is facing more headwinds ahead.

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