

## German exports suffered from frontloading reversal in May

German exports disappointed in May, showing that the reversal of the frontloading effect is still in full swing in the export sector



Hamburg port

The frontloading reversal continued in May, making it another disappointing month for German exports. After yesterday's [encouraging industrial production data](#), May export data showed where the frontloading reversal is still in full swing: in the export sector.

Exports dropped by 1.4% month-on-month, from -1.6% MoM in April, fully wiping out the frontloading surge in February and March. At the same time, imports collapsed by almost 4% MoM, widening the German trade surplus to €18.4bn. Despite this frontloading reversal, the US remains the most important destination for German exporters.

Today's data suggest that the boost to exports was almost exclusively driven by US frontloading. However, this effect has now dissipated.

Looking ahead, German exports are still facing rough headwinds. While the EU did not receive a new tariff letter from the White House yesterday, the risk of (more) tariffs hangs like a sword of Damocles over German and European exporters. And there is more: the strengthening of the euro, not only vis-à-vis the US dollar but also in nominal effective terms, is adding to exporters' concerns.

More generally speaking, with the hard macro data in for the first two months of the second quarter, the German economy looks set for yet another stagnation or even small contraction. While retail sales and construction activity were down compared with the first quarter, the small uptick in industrial production is not enough to offset the expected drag from trade.

In these times of high uncertainty and high volatility, it is too early to call a contraction for the second quarter, but despite the growing optimism and signs of a cyclical turning point, the German economy will have to wait at least another quarter to present hard data that matches the improving sentiment.

## Author

### Carsten Brzeski

Global Head of Macro

[carsten.brzeski@ing.de](mailto:carsten.brzeski@ing.de)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).