

Snap | 8 July 2025

GERMANY

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.

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