

German exports weaken further in November

Exports continue to weaken, suggesting that recession fears are real



German export weakness continues. German exports (seasonally and calendar-adjusted) decreased by 0.3% month-on-month in November, from -0.6% MoM in October. On the year, exports were up by more than 13% but this is in nominal terms and not corrected for high inflation. Imports also decreased, by 3.3% month-on-month, from -2.4% MoM in October. As a result, the trade balance widened to €10.8bn. The ongoing weakness in exports in the fourth quarter suggests that recession fears are real.

Near-term outlook anything but rosy

Trade is no longer a growth driver but has instead become a drag on German economic growth. Since the second quarter of 2021, the growth contribution of net exports has actually been negative. In the past, the current weakness of the euro would at least have brought some smiles to German exporters' faces. Like almost no other, German exports have often seen an asymmetric reaction to exchange rate developments. The negative impact of a stronger currency is cushioned by inelastic demand and high product quality, while the full price impact of a weaker currency normally adds to export strength. But not this time.

Export order books have continued to weaken significantly in recent months as the global

economic slowdown, high inflation and high uncertainty leave a clear mark. The near-term outlook is anything but rosy. It could take at least until next spring before relief in global supply chains and a rebounding global economy revive German exports.

Author

Carsten Brzeski

Global Head of Macro

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 <http://www.ing.com>.