

German exports fall in January, capping a weak start to the year for the economy

With exports and imports dropping in January, our optimism about Germany's growth prospects has taken a hit this week. We still expect the economy to accelerate this year on the back of fiscal stimulus, but this optimism won't survive if we continue to see macro data like this



Hamburg port

German exports fell by 2.3% month-on-month in January, from +4.0% MoM in December. At the same time, imports dropped by 5.9% MoM, widening the German trade surplus to €21.2bn, the highest level since the summer of 2024. So much about rebalancing the export-oriented German growth model.

Still, despite today's disappointment, exports are still higher than in November 2025. In fact, German exports are basically moving sideways.

German trade in the midst of geopolitical shifts

Trade data is probably the best illustration of how much Germany is affected by broader geopolitical shifts. Whether it's US tariffs or the changing role of China, it's all in the trade data. In 2025, the share of German exports to the US dropped to approximately 9.5%, down from 10.5% in 2024. At 8.5%, the share had even fallen below its 2019 average by the end of 2025, but the US remains Germany's single most important export destination. At the same time, the share of

exports to China has dropped further to 5%, from almost 6% in 2024 and almost 8% in the years before the Covid-19 pandemic. Germany currently exports as much to Austria as it does to China.

While German exporters are facing more problems selling in the Chinese market, Chinese exports to Germany (and Europe) are thriving. In 2025, German imports from China rose by more than 10%, illustrating an increasingly uneven relationship. This morning's Chinese trade data suggests that the trend of China redirecting exports to Europe, often at dumping-level prices, will accelerate.

Long list of rough headwinds for German exports

Looking ahead, German exports still face rough headwinds. US tariffs are still weighing on exports and will probably only show their full impact this year, notwithstanding the new uncertainty since the Supreme Court's ruling. At the same time, German exporters are currently facing a triple China shock: weaker demand for German products in China, increased competition from Chinese producers in third markets and Germany's home market, the EU, and finally the dependence on Chinese rare earths.

The war in the Middle East, surging energy prices and potentially new supply chain frictions are only the latest in a long series of headwinds.

Trade data adds to weak start to the new year for the economy

This morning's trade data adds to a very weak start to the new year for the entire German economy. Retail sales, industrial production, construction and trade were all down in January. After the surprise rebound of the economy in the final quarter of 2025, these data show that the road towards a sustainable recovery is still long.

For now, we stick to our optimistic view that fiscal stimulus of some €200bn on defence and infrastructure will yield a decent rebound this year, even if we have to admit that this optimism can't stand many more months like January.

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