

## German September exports disappointing

The drop in German exports in September adds to the evidence that the economy's only growth drivers in the third quarter were private consumption and government expenditures.



Another quarter to forget. German exports (seasonally and calendar adjusted) dropped once again, confirming that the economy's only growth drivers in the third quarter were private consumption and government expenditure. In September, German exports decreased by 0.7% month-on-month, from -1.2% in August. On the other hand, imports increased by 0.1% MoM, from 2.1% MoM in August. Supply chain frictions have caught up with German exports over the summer. Still an important growth driver in the second quarter, exports, look like a drag on growth in the third quarter.

### Export rebound not on the cards any time soon

Looking at export destinations, 2021 clearly marks a structural shift, illustrating current themes including reshoring, slowing of Chinese growth and different ways to deal with the pandemic. During the first eight months of the year, the US has been the single most important export destination for German exports, accounting for almost 9% of all exports. China comes in as number two but only marginally ahead of France. The importance of Poland, Hungary and the Czech Republic has increased to unprecedented highs, accounting for a higher share of total German exports than China, Russia and Japan together. Finally, Brexit has left its mark on German

trade as the UK dropped out of the five most important trading partners list, with German companies exporting more to Austria than to the UK.

Looking ahead, we will first need to see industrial production picking up again before exports surge as well. It is very simple: without any new production, there won't be new exports. We expect a first rebound in industrial production in the fourth quarter, but this will probably be more of a technical one. For a more fundamental rebound in industrial production and exports, supply chain frictions need to be left behind. This is something we will only see in the course of 2022.

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