

## Germany: Exports continue to catch up

Exports continue to catch up with the rest of the economy but remain some 10% below pre-crisis levels.



Source: Shutterstock

German exports (seasonally and calendar adjusted) continue to play catch up with the rest of the economy. In August, exports increased by 2.4% month-on-month, from 4.7% in July. At the same time, imports increased by a whopping 5.8% MoM, from 1.1% in July. As a result, the trade balance narrowed to €12.8bn, from €19.2bn in July. Exports were still almost 10% below their February level.

### More catching up to come but not for long

While domestic demand kick-started immediately with the lifting of the lockdown measures, exports reacted with a delay but have been gaining traction since. The different degrees of lockdowns and lifting of the lockdowns as well as the uneven recovery across European countries are reflected in German bilateral export data. In the second quarter, Germany exported more to the Netherlands than to France, and more to China than to the US. In the third quarter, the old conditions are being restored, with exports to France exceeding exports to the Netherlands again as well as the US being the single most important export destination again.

Looking ahead, exports could temporarily lead the entire economy into the fourth quarter.

However, it is unlikely to see a sustainable decoupling from exports and domestic activity. New restrictions on the back of increasing infections in many countries will also leave their marks on German exports. On top of that, the export sector remains subject to structural changes in the global economy, be it more protectionism, a transition away from traditional manufacturing toward services, high tech or electric vehicles. Clearly there are more headwinds than tailwinds for the export sector.

## 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>.