

## Germany: Some relief from exports

A small rebound in exports illustrates that not all is doom and gloom in the German economy. However, the rebound is too small for us to become overly optimistic right now



The traditional German growth engine has brought some relief to a faltering economy. After last week's disappointing industrial production data, this morning's trade data suggests that not all is doom and gloom. In October, German exports increased by 0.7% month-on-month, from a 0.8% month-on-month drop in September. As imports increased by 1.3% MoM, the trade balance slightly narrowed.

### Rebound still means long way to go

Sluggish trade data over the summer months has cast doubt about the strength of the German export sector. Today's data brings some relief but also shows that there is still a long way to go before the traditional growth engine will be back at full strength. The ongoing trade tensions and a general weakening of global manufacturing demand has clearly left marks on the German export sector and the entire economy.

Looking at the bigger picture, however, there is also a new structural shift in the German export sector. The US is still Germany's single most important export destination, followed by France, China and the Netherlands. However, the UK has quickly lost importance. Accounting for a bigger

share of German exports than the Netherlands or China in 2015 with close to 8%, this share has dropped to close to 6% and the negative trend continues. A clear pre-Brexit effect.

## 2019 outlook for German exports is worsening

The German export performance for 2019 will strongly depend on three factors: how much of a possible slowing of global demand can be offset by a weaker euro; possible new trade tensions between the US and the EU, and Chinese demand. The traditional strength of the German export sector, i.e. a highly diversified export destination portfolio, is undermined by too many problems in too many export partner countries.

All of this means that as welcome as today's export rebound might be, it is still too small for us to become overly optimistic.

### 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>.