

## Germany: Weak start to Q4 confirmed

**Weak trade data confirms the industrial sector's sensitivity to vacation and weather effects and is a small reminder that too much partying is not good.**



German trade data offers more evidence that the entire economy started the fourth quarter on a weaker footing. In October, exports decreased by 0.4%, after a 0.4% drop in September. At the same time, imports increased by 1.8%, from -1.7% MoM in September. As a result, the seasonally-adjusted trade balance narrowed to 19.8bn euro, from 21.9bn euro in September.

The German industry has gone through a small rollercoaster ride since the start of the summer. Disappointing numbers were followed by impressive rebounds. Behind the vacation and weather driven white noise of monthly data, however, there is a clear upward trend. The export sector has once more become an important growth driver in 2017.

Looking at bilateral trade data for the first three quarters of the year, the geographic diversity of German exports once again seems to be the key to success. Particularly, Germany's close and distant neighbours in the East have safeguarded this year's export revival. Germany currently exports as much to Hungary, Poland and the Czech Republic as it does to the Netherlands, Belgium and Luxembourg. Exports to China have also rebounded this year. At the same time, the US remains the single most important export destination, while exports to the UK are becoming less

important.

This week's industrial data show that even the German economy can have weaker moments. After three impressive quarters, the fourth quarter could bring a growth slowdown for the entire economy. Not a reason to worry too much but a small reminder that too much partying can easily lead to complacency.

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