

## Weaker September won't ruin the German growth party

Despite weaker industrial data in September, next week's GDP data should bring another strong reading for the German economy.



Source: istock

**21.8** Trade balance  
(Seasonally adjusted, billion euros)

Thursday's German trade data is more evidence that economic activity in September in the entire economy weakened somewhat, albeit without having a lasting impact on a strong third quarter. After a strong August reading, exports decreased by 0.4% MoM in September, having grown 2.0% in August. At the same time, imports decreased 1.0% MoM, from 0.8% growth in August. As a result, the seasonally-adjusted trade balance widened to 21.8bn euro, from 21.3bn euro in August. Judging from bilateral trade data until August, German exporters are currently benefitting from strengthened demand from China and Eastern Europe.

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## *Even the strongest economy can have a weak month*

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Today's data brings the third quarter to a close. Next week, third quarter GDP data should show continued strong growth. Even though September data showed that even the strongest economy can have a weak month, monthly data suggest that investment, private and public consumption and net exports should have been drivers of growth, while the construction sector seems to have taken a breather.

Looking ahead, the biggest risks for the German economy, and the export sector in particular, come from the outside. Geopolitical risks, a slowdown of the US or UK economy and deflating eu(ro)phoria could dent the strong growth momentum. In particular, eu(ro)phoria could be over before it actually got really started.

The so-called non-paper from the German finance ministry and yesterday's plans of the Council of Economic Experts illustrate an emerging German public view that the only future for the Eurozone is to become more German.

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