Economic Research

Economic Briefing

Germany – Weaker Euro Helps Early Bird

10 July 2026

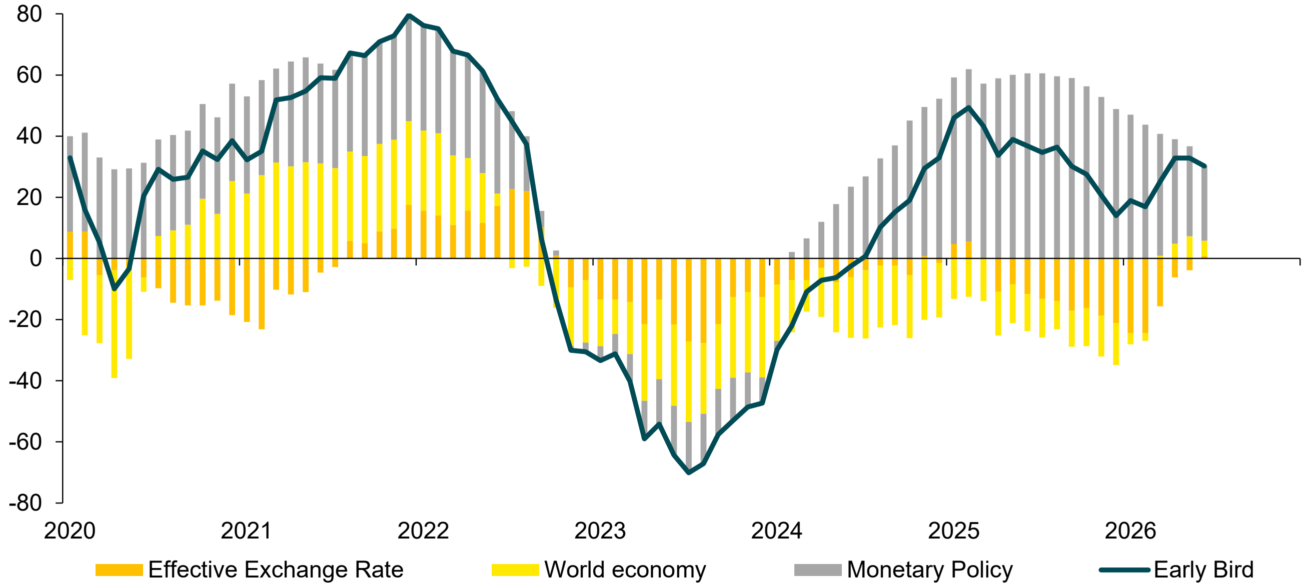
Dr. Ralph Solveen [AC]

Our leading indicator for the German economy, the Early Bird, fell from 33 to 30 points in June. This is because the stimulus from monetary policy continues to wane, and the global economic environment was somewhat less favorable than in May. On the other hand, the weaker euro provided a boost. With a value well in positive territory, the Early Bird continues to offer hope that the German economy will regain momentum toward the end of this year after what is expected to be a rather weak summer half-year.

After three consecutive increases, the Early Bird fell again in June. At 30 points – down from 33 in May – it remains clearly in positive territory, however, signaling above-average economic conditions for the German economy.

One reason for the indicator's decline in June is the steadily waning impact of monetary policy (Chart 1). After all, the ECB's interest rate cuts are moving further and further into the past, and in June the central bank even raised its key interest rates slightly again. As a result, while the short-term real interest rate is still relatively low – which in itself is positive for the economy – it is slightly higher than it was a year ago, which in itself tends to slow economic growth. In addition, the global economic environment – which we measure using the PMIs for manufacturing in the U.S., China, and the eurozone (excluding Germany) – has deteriorated slightly. By contrast, headwinds from the FX market have subsided. For the first time in more than a year, the indicator of the German economy's competitiveness – the real external value of a notional D-Mark – was again slightly lower in June than it had been a year earlier.

Chart 1 - Headwinds from FX market have subsided
Early Bird and the contribution of its subcomponents



Source: Bloomberg, S&P Global, Commerzbank Research

With its still relatively high value, the Early Bird offers hope that the German economy will rebound once the pressures caused by the war in Iran – and the resulting sharp rise in energy prices – become less and less significant in the coming months. This is all the more true given that our indicator does not take into account a key factor for an economic recovery in Germany: the significant increase in government spending. Thus, there are still strong indications that the moderate recovery of the German economy – which was interrupted by the war in Iran – will continue in the second half of the year.

Table 1 - Commerzbank leading indicator for the German economy (Early Bird)

	Jun 26	Mai 26	Apr 26	Mrz 26	Feb 26	Jan 26	Dez 25
Early Bird	30	33	33	25	17	19	14

Next publication: August 7

Source: Commerzbank Research

Analysts

Dr. Ralph Solveen AC
Senior Economist
+49 69 9353 45622
ralph.solveen@commerzbank.com

This report was completed 10/7/2026 07:31 CEST and disseminated 10/7/2026 07:31 CEST.

This document has been created and published by the Group Research department (GM-R) within the Group Management division of Commerzbank AG, Frankfurt/Main or Commerzbank's non-US branch offices mentioned in the document.

Analyst Certification (AC): The author(s), denoted by AC at the beginning of this report, individually certifies that the views expressed in this report accurately reflect their personal views about the subject securities and issuers; and no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document.

It has not been determined in advance whether and in what intervals this document will be updated. Unless otherwise stated current prices refer to the most recent trading day's closing price or spread which may fluctuate.

Conflicts of interest

Disclosures of potential conflicts of interest relating to Commerzbank AG, its affiliates, subsidiaries (together "Commerzbank") and its relevant employees with respect to the issuers, financial instruments and/or securities forming the subject of this document valid as of the end of the month prior to publication of this document*:

Please refer to the following link for disclosures on companies included in compendium reports or disclosures on any company covered by Commerzbank analysts: **https://commerzbank.bluematrix.com/sellside/Disclosures.action***

*Updating this information may take up to ten days after month end.

Disclaimer

This document is for information purposes only and has been prepared for recipients who, like professional clients according to MiFID II, have the experience, knowledge and expertise to understand information related to the financial markets. The document does not take into account specific circumstances of any recipient and the information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments and/or securities mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever. Investors should seek independent professional advice and draw their own conclusions regarding suitability of any transaction including the economic benefits, risks, legal, regulatory, credit, accounting and tax implications.

The information in this document is based on public data obtained from sources believed by Commerzbank to be reliable and in good faith, but no representations, guarantees or warranties are made by Commerzbank with regard to accuracy, completeness or suitability of the data. Commerzbank has not performed any independent review or due diligence of publicly available information regarding an unaffiliated reference asset or index. The opinions and estimates contained herein reflect the current judgement of the author(s) on the date of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Commerzbank. Commerzbank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

In order to address potential conflicts of interest Commerzbank's Research department operates independently of other business units of the bank. This is achieved by way of physical and administrative information barriers and separate reporting lines as well as by written internal policies and procedures.

This communication may contain trading ideas where Commerzbank may trade in such financial instruments with customers or other counterparties. Any prices provided herein (other than those that are identified as being historical) are indicative only, and do not represent firm quotes as to either size or price. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favourable investment results. Any forecasts or price targets shown for companies and/or securities discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Commerzbank or by other sources relied upon in the document were inapposite.

Commerzbank and or its affiliates may act as a market maker in the instrument(s) and or its derivative that has been mentioned in our research reports. Employees of Commerzbank and or its affiliates may provide written or oral commentary, including trading strategies, to our clients and business units that may be contrary to the opinions conveyed in this research report. Commerzbank may perform or seek to perform investment banking services for issuers mentioned in research reports.

Neither Commerzbank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Frankfurt	London	New York	Singapore
Commerzbank AG	Commerzbank AG	Commerz Markets LLC	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus	PO BOX 52715	225 Liberty Street, 32nd floor,	128 Beach Road
Mainzer Landstraße 153	30 Gresham Street	New York,	#17-01 Guoco Midtown
60327 Frankfurt	London, EC2P 2XY	NY 10281-1050	Singapore 189773
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000