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Economic Research

Economic Briefing

How weak are German exports?

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According to provisional figures from the Federal Statistical Office, German exports to non-EU countries fell by 6.9% in October compared to the previous month. This indicates that German industry is still being held back by weak foreign business. However, these preliminary figures for exports to non-EU countries have been repeatedly revised upwards in recent months, so it remains to be seen whether exports actually fell to this extent in October.

This is an alarming figure, at least at first glance: according to preliminary figures published today, Germany's (nominal) exports of goods to non-EU countries slumped by 6.9% in October on a seasonally adjusted basis. This is more than 7% below the average for the third quarter and does not bode well for the development of the German economy in the fourth quarter.

According to the figures for the most important trading partners, which are only available on a non-seasonally adjusted basis, exports to China in particular have fallen in year-on-year terms (-10.1%), but the USA also recorded a significant drop of -6.4% compared to October 2023.

Today's figures indicate that German industry's foreign business is continuing to perform rather poorly. Weak demand from abroad – particularly from China, which has long been a growth driver for German industry – is one reason for this. However, there is at least a question mark over the extent of the slump in October. This is because the figures for the previous months were regularly revised upwards in retrospect. A month ago, for example, a significant drop of 4.7% was also reported for September. In the meantime, a decline of just 1.2% month-on-month has been recorded for this month (Chart 1).

This means that weak foreign business has probably also weighed on the German economy in the fourth quarter. However, it remains to be seen whether the decline will be as severe as today's figures suggest. Overall, real gross domestic product is likely to stagnate at best at the end of the year, having increased by just 0.1% in the third quarter compared to the previous quarter according to the revised figures published today.

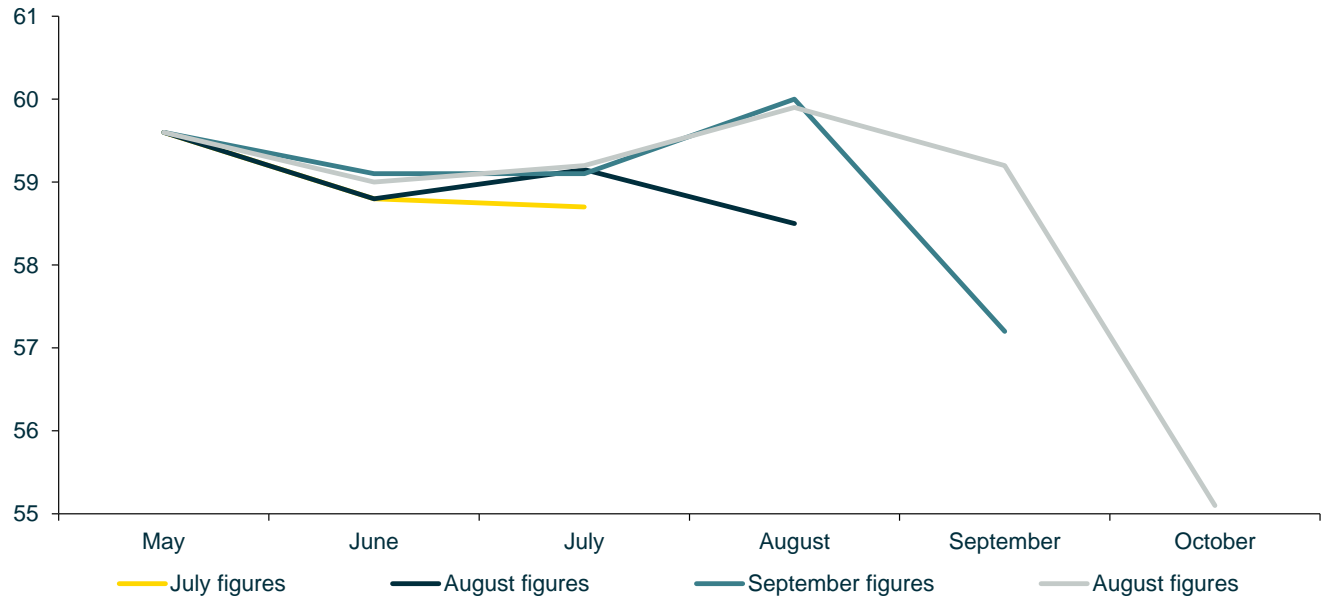


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Chart 1 - Preliminary figures have often painted too negative a picture recently

German exports to non-EU countries, seasonally adjusted monthly values in billion euros, values at first publication of the months listed in the legend



Source: Destatis, Commerzbank Research



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