



COMMERZBANK

Economic Research

Economic Briefing

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Germany - Early Bird gives little hope

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Our leading indicator for the German economy improved only slightly in November to -0.16 points and remains clearly in negative territory. The Early Bird thus signals that the general conditions for the German economy remain below average. The economy is therefore not expected to recover quickly.

The short-term outlook for the German economy remains poor: at -0.16 points, the Early Bird was also clearly in negative territory in November. Compared to the previous month, this represents a slight improvement of 0.04 points. This was helped by a somewhat lower real external value of a fictitious Deutschmark, which reduced the headwind for the economy from the FX market somewhat. The global economic environment also improved slightly, as the slight increase in the manufacturing PMI in the eurozone (excluding Germany) outweighed the slight decline in its Chinese counterpart. However, these two positive aspects were partially neutralized by the fact that falling inflation is causing short-term real interest rates to rise, meaning that monetary policy is becoming more restrictive despite stable nominal rates.

With its continued negative value, the Early Bird gives little hope that the economic situation in Germany will improve quickly. On the contrary, it is to be feared that the German economy will continue to shrink in the winter months. This is all the more true as the Early Bird does not take into account fiscal policy, which is likely to put an additional brake on the economy in the coming year in view of the savings required following the ruling of the Federal Constitutional Court.

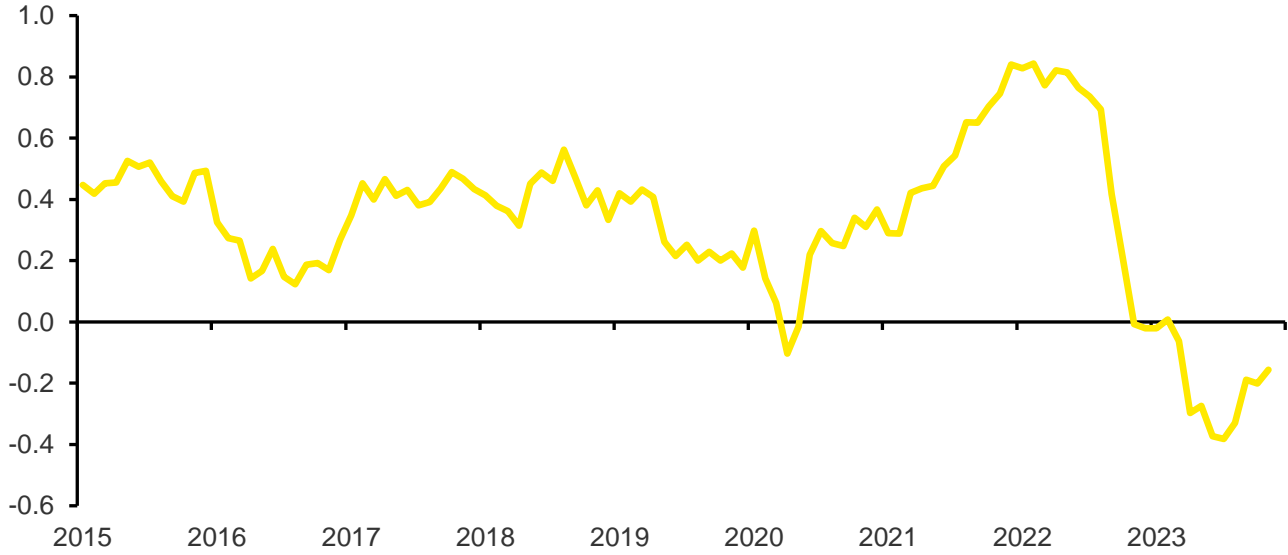


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Chart 1 - Early Bird still in negative territory

Commerzbank's leading indicator for the German economy



Source: Commerzbank Research

Commerzbank leading indicator for the German economy (Early Bird)

	Nov 23	Okt 23	Sep 23	Aug 23	Jul 23	Jun 23	Mai 23
Early Bird	-0.16	-0.20	-0.19	-0.33	-0.38	-0.37	-0.27

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Source: Commerzbank Research



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