

# Economic Briefing

10 May 2019

## Germany: Early Bird – neither fish nor fowl

Our leading indicator for the German economy continued its sideways movement in April, falling slightly after a slight increase in the previous month. This was mainly due to the weaker global economy, and the euro also gained some ground again. Thus the Early Bird clearly speaks against a pronounced recession in Germany with values well above the zero line, but so far it has not given a signal that the economy is about to pick up.

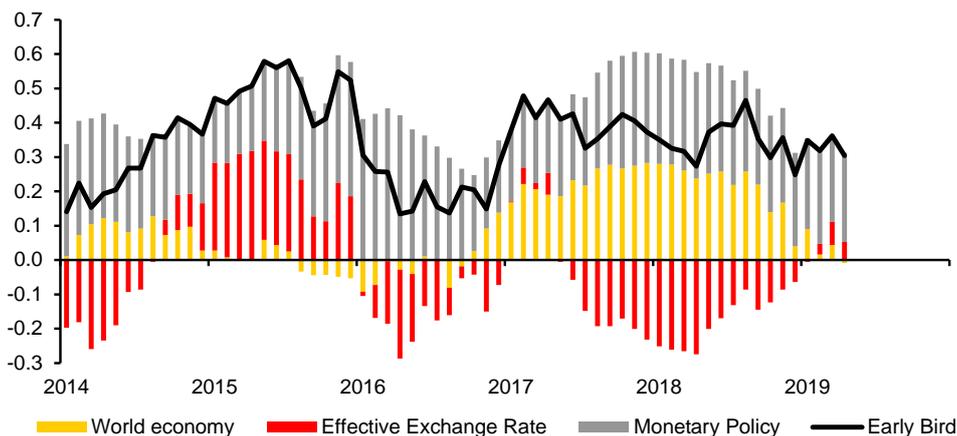
Germany's economy is not threatened by a pronounced recession! This remains the message of the Early Bird. Our leading indicator for the German economy remains well above the zero line, even though it fell from 0.36 to 0.30 points in April. In contrast, the indicator had clearly fallen into negative territory before all previous recessions in Germany.

The decisive factor for the clearly positive reading of the Early Bird remains the ECB's extremely expansive monetary policy (see chart), which has not changed in the past month. It will continue to boost domestic demand. The external economic environment stayed less favourable. The manufacturing PMIs for the US and China fell in April, which was not offset by the slightly better value for the euro zone excluding Germany. In addition, the euro gained some ground again in April. However, since the real external value of a fictitious D-Mark is still lower than a year ago, the economy continues to receive a slight tailwind from the currency market.

However, the Early Bird does neither give a signal that growth is about to pick up again. After all, it has been moving sideways since last autumn. Consequently, it confirms our assessment that the German economy will hardly grow at least in the second quarter, and a significant rise in sentiment indicators is not yet to be expected, at least on the basis of the economic conditions measured by the Early Bird.

### Germany: Neither a recession nor a signal for stronger growth

Early Bird and the contribution of its sub-components



Sources: Bloomberg, Global Insight, Commerzbank Research

### Commerzbank leading indicator for the German economy (Early Bird)

	Apr 19	Mar 19	Feb 19	Jan 19	Dec 18	Nov 18	Oct 18
Early Bird	0.30	0.36	0.32	0.35	0.25	0.36	0.30

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