



PM Datanote: Exports, Germany, December

In one line: Solid, as trade surplus storms to new highs.

Seasonally adjusted exports rose 3.4% month-to-month in December, above the consensus 1.0%. This is equivalent to exports rising 7.5% year-over-year.

The trade surplus continues to reach new highs in Germany confirming that the euro area's largest economy is in increasingly good cyclical shape. The 12-month average trade balance rose to €18.2B in December, a new all-time high. This was not only due to rising exports, however, with imports falling 0.8% month-to-month in December. Factoring in a downward revision to the November data, this is likely driven by a lower value of energy imports, but the net trade component was probably flat in Q4 due to lower oil prices pushing up the real value of imports through the import deflator. The trend in export growth is strengthening and pushed up the trade surplus by 11.3% last year. Total exports to non-Eurozone EU countries, essentially the UK, were up 10.2% in the 12 months ending December indicating that demand across the Channel remains one of the key drivers of the rising trade surplus in Germany and the Eurozone.

The chart shows that the trend in German export growth is steadily rising, and with the volume of energy imports likely to fall further in this quarter we expect the trade surplus to hit new records in coming months.

