

Germany

Trade surplus widens as exports trend upwards at fastest rate since mid-2012

- **German trade surplus rises on back of rising exports and falling imports in November**
- **Survey data point to further export gains in December, which should boost GDP**
- **Exports buoyed by trade to non-euro countries**

Rising exports and falling imports pushed the German trade surplus to a near record high in November, suggesting trade will have helped boost economic growth in the fourth quarter. PMI data also indicate that the upturn in exports will have gained further momentum in December.

The data add further evidence that the German economy will have grown at a robust pace of approximately 0.5% in the final quarter of last year, helping drive a welcome recovery in the euro area.

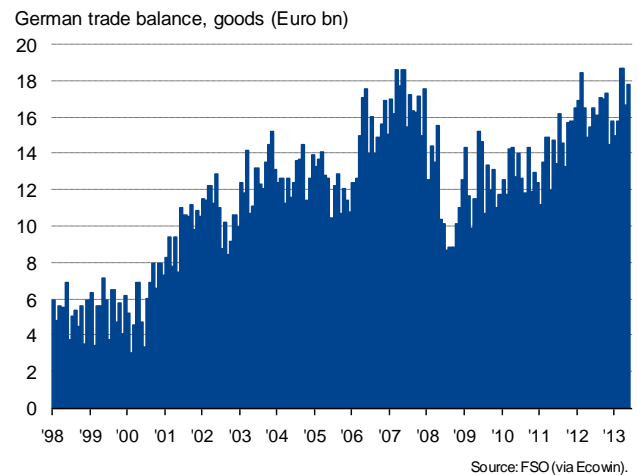
Exports rose for the fourth month running in November, rising 0.3% in line with October's rise. The improvements take the three-month rate of growth (a better indication of underlying trends) up to 2.3%, its highest since July 2012.

Imports meanwhile fell 1.1% in November, though had risen 3.0% in October.

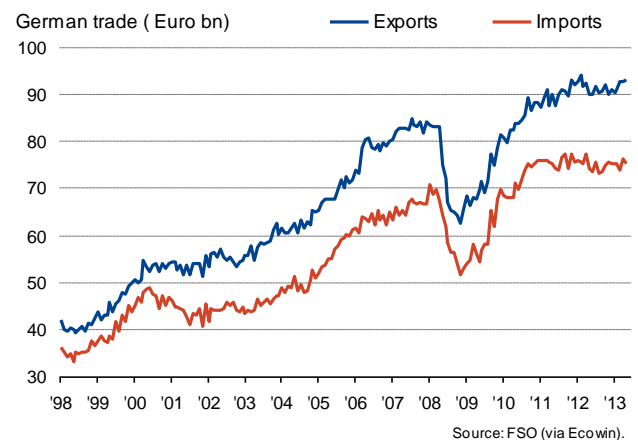
The resulting trade surplus, at €17.8bn and up from €16.7bn in October, was one of the largest seen since comparable data were first available in 1990.

The widening surplus is likely to put increasing political pressure on Germany to rebalance its economy away from export-oriented growth towards domestic consumption; a policy some other eurozone member states hope will help fuel faster export-driven growth in their own economies. However, the flip-side is that stronger German export gains, especially to non-euro countries, help boost business activity at companies within the euro area that are suppliers to German companies. Importantly, in this respect, the Federal Statistics Office reported that trade to non-euro EU countries had been particularly strong. Over the year to November, exports to eurozone countries rose just 0.1% while exports to non-euro EU countries increased by 4.9%. Exports to other countries were flat.

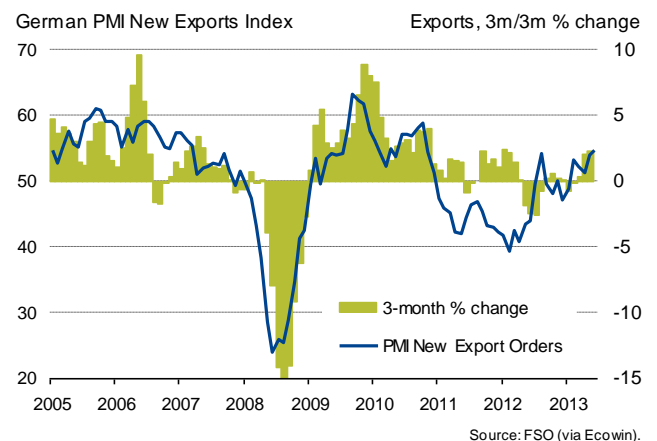
Trade surplus



Imports and exports



Exports and the PMI



Chris Williamson

Chief Economist

Markit

Tel: +44 207 260 2329

Email: chris.williamson@markit.com

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