German Exports Unexpectedly Rose for Third Month in March

By Jana Randow - May 9, 2012

German exports unexpectedly increased for a third month in March as demand from outside the euro region offset weaker sales in Europe.

Exports, adjusted for work days and seasonal changes, rose 0.9 percent from February, when they gained 1.5 percent, the Federal Statistics Office in Wiesbaden said today. Economists forecast a drop of 0.5 percent, according to the median of 11 estimates in a Bloomberg News survey. Imports climbed 1.2 percent.

Today’s report is the third in as many days to suggest Germany may have returned to growth in the first quarter after the economy shrank in the final three months of 2011. Factory orders and industrial production both rose more than economists forecast in March.

“The indicators clearly confirm our view that the German economy did not slide into a technical recession at the turn of the year,” said Alexander Koch, an economist at UniCredit Group in Munich. “Net exports should have made a sizeable positive contribution to growth at the beginning of this year.”

The trade surplus widened to 17.4 billion euros ($22.6 billion) in March from 14.9 billion euros in February, today’s report showed. The surplus in the current account, a measure of all trade including services, was 19.8 billion euros, up from 11.7 billion euros a month earlier. The statistics office said exports and imports both reached record monthly values in March.

Company Profits

With at least eight euro-region nations in recession as the sovereign debt crisis forces governments to cut spending, German companies are tapping faster-growing Asian markets.

The country’s top three carmakers and their suppliers have benefited from thriving demand in China, with first-quarter profits at Bayerische Motoren Werke AG, Volkswagen AG and Daimler AG all beating analyst estimates. VW’s Audi unit will create 2,000 new jobs in Germany to keep up with demand in North America and Asia.

Industrial output jumped 2.8 percent in March, the Economy Ministry said yesterday, more than three times as much as economists had forecast. Factory orders gained 2.2 percent, a May 7 report showed, with demand from outside the euro region surging 4.8 percent. Orders from the currency bloc stagnated.

Unemployment in the 17-nation region rose to a 15-year high in March and manufacturing contracted for a ninth month in April, adding to signs the economic slump is deepening.

The International Monetary Fund forecasts the euro-area economy will contract 0.3 percent this year, compared with projected expansions of 2.1 percent in the U.S. and 7.3 percent in developing Asia. It predicts 0.6 percent growth in Germany.
“It's going quite well at the global level,” said Andreas Scheuerle, an economist at Dekabank in Frankfurt. “Chinese demand has supported the German economy and we hope that momentum will pick up in the euro area in the second half of the year.”

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