German Economy Up Slightly in Fourth Quarter

Foreign Trade Helps Growth to Gain Momentum

By Todd Buell
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Germany’s economy gained momentum in the fourth quarter mainly on the back of foreign trade, data from the country’s statistics office Destatis showed Tuesday.

The report showed that the economy grew by 0.4% in adjusted quarterly terms and 1.4% in adjusted annual terms, confirming the data released earlier in the month.

The data show that Europe’s largest economy is helping to pull the 18-nation euro zone onto a sustainable growth path and data released Monday suggest this momentum should continue. Business confidence in Germany rose to a 2.5-year high, the key Ifo institute indicator said. The survey of 7,000 companies indicated that businesses remain cautiously optimistic that 2014 will be a strong year, despite slightly lower expectations regarding future business developments.

Still the data suggest that Germany isn't rebalancing—moving away from an export-dominated economy to one that also has a strong consumer sector—at the pace some observers might desire.

Tuesday's gross domestic product data showed that growth in Germany was driven primarily by foreign trade. Exports grew by 2.6% on the quarter, while imports grew by only 0.6%. This resulted in net trade making a 1.1 percentage point contribution to the quarterly GDP figure. On the flip side, domestic demand cut 0.7 point from quarterly GDP.

The group for the plant and machinery tools industry VDMA said Monday that 2013 ended on a strong note for exporters.

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