

German exports gain thanks to a weak euro

On 10 May the Federal Statistical Office published data on German exports in March 2010. Due to a fall in the euro exchange rate and the stabilisation of the economic situation on emerging markets, the value of German exports increased by as much as 23.3% in comparison with March 2009 and exceeded the value from the year before the crisis – 2008.

Good export results mean that in the short term the weaker exchange rate of the euro will positively influence economic growth in Germany.

The value of German exports amounted to EUR 85.6 billion. At the same time German imports grew by 18.3% to EUR 68.4 billion, in part due to increased internal consumption in the German economy. The high growth rate of exports caused an increase in Germany's trade balance to soar by 48.7% to EUR 17.2 billion when compared to March 2009. The causes of the economic recovery are the weakening of the euro due to the debt crisis in the euro zone and a strong economic rise in Asian countries. Good results for German exports will be beneficial to the economic growth rate which may draw close to 2% for the whole year. If the euro remains weak in the long term, it can negatively impact on Germany's economy as it will increase the prices of resources and could also lead to a faster inflation rate. Considerable fluctuations of the common currency can make German companies limit riskier investments due to problems with estimating future revenues. <pop>