

# Economic Briefing

10 September 2021

## Germany - Early Bird benefits from weaker euro

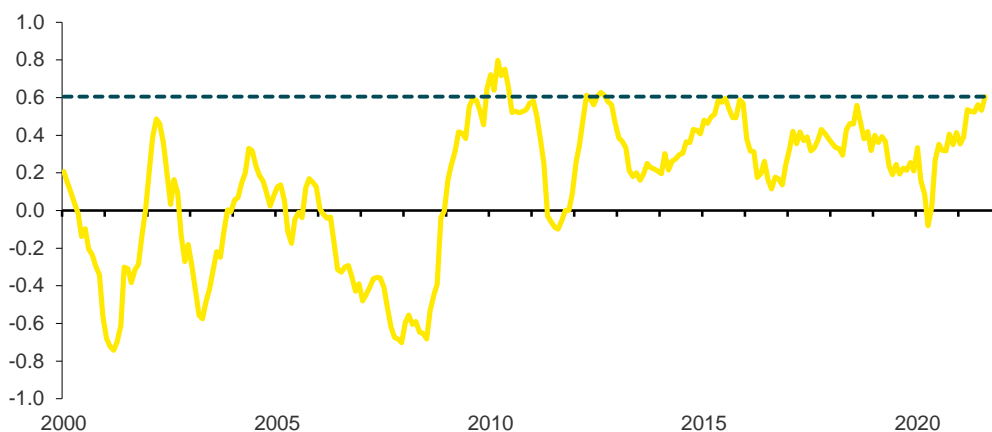
**Our leading indicator for the German economy rose to 0.61 points in August, its highest level in nine years. It was boosted in particular by the weaker euro. With this high value, the Early Bird signals that the "classic" drivers of the economic cycle remain extremely favourable. This means that the further recovery of the German economy is unlikely to falter.**

In August, after several months of sideways movement, the Early Bird rose significantly again and reached its highest value in nine years at 0.61 points. The decisive factor here was the weaker euro. As a result, the real external value of a notional D-mark was lower in August than in the corresponding month of the previous year for the first time since the beginning of 2020, meaning that the headwind for the economy from the foreign exchange market, which has been quite strong temporarily, has reversed. As weaker data from China was offset by better data from the US, nothing has changed in the global economic environment. On the contrary, the German economy is currently receiving noticeable impulses from this side as well as from monetary policy.

Our leading indicator for the German economy thus clearly shows that the "classic" economic drivers are supporting the further recovery of the German economy. Trouble is more likely to come from elsewhere. On the one hand, the persistent bottlenecks in the supply chains are likely to continue to slow down manufacturing, and on the other hand, further increases in the number of infections could weigh on the service sector in particular. The latter is likely to be the case even if no new restrictions are imposed as some people are likely to avoid busy places for fear of infection. We therefore assume that the German economy, after another strong increase in the current third quarter, will hardly grow towards the end of the year.

### Early Bird on a very elevated level

Early Bird, Commerzbank leading indicator for the German economy



Source: Commerzbank Research

### Commerzbank leading indicator for the German economy (Early Bird)

	Aug-21	Jul-21	Jun-21	May-21	Apr-21	Mar-21	Feb-21
Early Bird	0.61	0.53	0.56	0.52	0.53	0.54	0.39

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Source: Commerzbank Research

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