

Don't tell Trump: the eurozone trade surplus with the US widened slightly in January

Both eurozone exports and imports picked up in January after a sluggish 2024. But with imports rising more significantly, a positive impact on GDP is unlikely. Some tariff war anticipation effects can be seen in the US trade data. The outlook for 2025 is highly uncertain due to the trade war, despite new export orders finally showing signs of bottoming out



Eurozone trade data showed some decent increases in both exports and imports in January, with imports increasing more (when looking at seasonally-adjusted data). For both, this was the strongest reading in more than a year. For the eurozone, the trade surplus declined slightly from €14.2 to €14bn. Last year showed weak demand for European goods from abroad and relatively lacklustre domestic demand as consumers were frugal and investment was slow. This slightly better start to 2025 may be attributed to some anticipation of tariff wars and a recovery in manufacturing but with imports outgrowing exports right now, don't expect a big positive impact on GDP growth in the first quarter.

For the US specifically, a notable pickup in both exports and imports can be seen when correcting data for seasonal effects. The January data showed an increase of €2.7bn in exports and €2.6 in imports. This is likely driven by anticipation of tariffs coming into effect. It resulted in a slightly widening trade surplus for the eurozone. That bucks the overall trend of a narrowing trade surplus.

The outlook for the trade balance remains highly uncertain, as upcoming tariffs could significantly disrupt international trade in the coming months. For now though, eurozone manufacturers indicate that new export orders have been bottoming out, hoping for a rebound in the months to come. That seems uncertain of course. On the other side of that balance, eurozone imports continue to be held back by weak investment and cautious consumers.

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