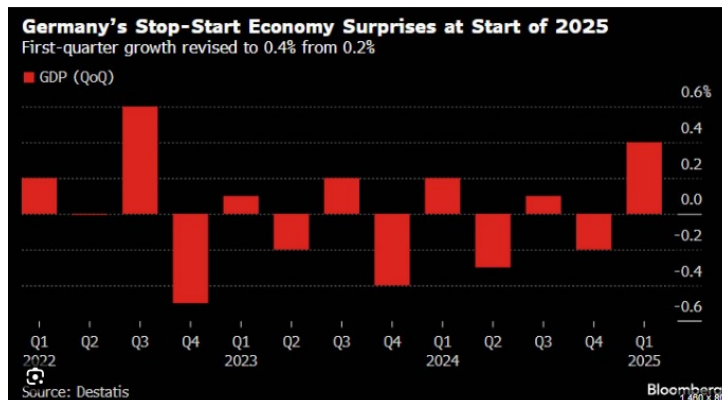


German Economy Surprises with 0.4% Q1 growth



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Germany's gross domestic product rose by 0.4% in the first quarter of 2025, double the initial 0.2% estimate, the Federal Statistical Office (Destatis) reported Friday. Despite this quarter-on-quarter gain, output remains 0.2% below Q1 2024 levels, underscoring persistent challenges.

Destatis President Ruth Brand attributed the upside revision to “surprisingly robust activity in March,” led by manufacturing and exports outperforming expectations. Automotive and

pharmaceutical firms key pillars of Europe's largest economy accelerated shipments ahead of looming U.S. tariff threats, boosting industrial output more than anticipated.

"Anticipatory effects from fears of a widening trade conflict with the United States likely bolstered activity," Destatis noted, highlighting that export volumes climbed sharply as producers raced to dispatch goods before any new U.S. duties took effect.

However, the broader outlook remains subdued. On Wednesday, Germany's leading economic advisers downgraded their 2025 growth forecast to 0.0%, warning that weak domestic demand and global headwinds will limit further expansion. Economists at major banks also cautioned that consumer spending and investment may remain constrained without decisive fiscal measures.

Analysts say the Q1 surprise, while welcome, may prove temporary. "Sustained momentum will depend on clearer international trade policies and a rebound in household consumption," said one Frankfurt-based economist.

In the context of the wider eurozone, Germany's unexpected gain provides a modest lift, but risks of stagnation persist across the region if similar patterns emerge elsewhere.