

Profitable INVESTING Tips

Stock Market Investing Tips, Techniques, and Resources



Are German Stocks Really Going Up?

Business Insider reports as **German stocks** hit a record and the Euro falls to its lowest in a dozen years. Considering the fall of the Euro are German stocks really going up?

European stocks rallied Monday on optimism over quantitative easing in the eurozone, with Frankfurt topping 12,000 points for the first time, but the euro struck another 12-year dollar low.

Germany's leading stock market index smashed through the psychologically important level, one week after the European Central Bank began its 1.14-trillion-euro (\$1.201-trillion) bond-buying stimulus.

Frankfurt's benchmark DAX 30 hit a record intra-day peak at 12,054.30 points. It later stood at 12,038 points, up 1.15 percent from Friday's closing level.

When considering if German stocks are really going up remember that the Frankfurt DAX 30 is denominated in Euros and the Euro is like to continue to fall. An investor who invests using US dollars may wish to pick stocks that trade as level I American depository receipts, ADRs, to keep better track of gains or losses.

The Value of a Stimulus Program

The issue of deciding if German stocks are really going up when the Euro is falling aside, are German stocks a good investment today? The answer is probably yes. The Euro has fallen and will fall farther as the European Central Bank finally gets its act in order and pursues a quantitative easing program such as the US Federal Reserve carried out. The stimulus program will promote job creation and thereby alleviate social unrest caused by previous austerity measures. The Euro will fall and that will make EU exports more competitive. Germany by itself is the fifth largest economy in the world and the largest in Europe. According to the **World Factbook** Germany is a leading exporter.

The German economy – the fifth largest economy in the world in PPP terms and Europe's largest – is a leading exporter of machinery, vehicles, chemicals, and household equipment and benefits from a highly skilled labor force.

Germany is the third leading exporter in the world after China and the USA with an estimated \$1,493 billion in exports in 2013. The quantity of exports from Germany will likely rise due to a cheaper Euro. Regardless of a falling Euro, Germany may see an increase in exports as denominated in dollars due to their competitive advantage with a cheaper currency.

German Stock Specifics

Are German stocks really going up? It seems that they are. Which are the best German stocks to invest in? *Reuters* comments of **factors to watch** regarding specific German stocks. Here are their comments on just three. Read the article for more details.

LINDE: *Indicated 1.8 percent higher*

The industrial gases specialist aims to increase adjusted core earnings by up to 9.7 percent this year, buoyed by a solid project backlog for gas it produces at its industrial customers' sites.

SIEMENS: *Indicated 0.5 percent higher*

The industrial conglomerate has won orders from Egypt to build power plants and to install wind power. Labor representatives of the supervisory board have presented a study certifying Siemens' rail unit to have good growth prospects as they argue it should be kept within the group, Der Spiegel reported.

MERCK: *Indicated 0.5 percent higher*

CEO Karl-Ludwig Kley told Euro am Sonntag that the group will continue to look at possibilities for small acquisitions, but will otherwise focus on deleveraging.

In general, the best results will be in German stocks that benefit from the competitive advantage that a low Euro brings. And, as mentioned previously, if you invest in German stocks via ADRs you will have a clearer picture of how much of a stock gain comes from more profits and how much comes from a falling Euro.

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