

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Flash Germany PMI[®]

Fastest output growth in over two years as new orders and backlogs rise

Key findings:

HCOB Flash Germany Composite PMI Output Index⁽¹⁾ at 53.8 (Sep: 52.0). 29-month high.

HCOB Flash Germany Services PMI Business Activity Index⁽²⁾ at 54.5 (Sep: 51.5). 29-month high.

HCOB Flash Germany Manufacturing PMI Output Index⁽⁴⁾ at 52.3 (Sep: 53.0). 3-month low.

HCOB Flash Germany Manufacturing PMI⁽³⁾ at 49.6 (Sep: 49.5). 2-month high.

Data were collected 9-22 October.

Germany's private sector recorded its strongest growth for almost two-and-a-half years at the start of the fourth quarter, driven in large part by a solid increase in services business activity, the latest 'flash' HCOB PMI[®] survey data showed. The upturn in output was supported by a renewed expansion in intakes of new work, while employment came close to stabilising as backlogs showed their first rise since mid-2022. Latest data did, however, show a broad-based easing of businesses expectations for the year ahead.

With growth strengthening and demand improving, inflationary pressures rose. There were faster increases in both input costs and average charges for goods and services, with the respective rates of inflation reaching the quickest for eight months.

The **HCOB Flash Germany Composite PMI Output Index** rose from 52.0 in September to 53.8 in October, signalling a further acceleration in the pace of growth to the quickest since May 2023. Output has risen for five successive months, the longest sequence of expansion since the first half of 2023. The stronger performance at the start of the fourth quarter reflected the sharpest increase in service sector business activity for almost two-and-a-half years. Manufacturing production rose for the eighth month running, albeit at a weaker rate than in September and one that dipped below the long-run series trend.

Growth of total activity was supported by a renewed increase in **new business** volumes in October, following slight declines in both August and September. The rate of expansion in new work was moderate overall, but the strongest since April 2022 and above the long-run survey trend (since 1998). For only the second time in over three-and-a-half years, growth in demand was broad-based across services and manufacturing, although the increase in manufacturing new orders was only marginal. Subdued international demand weighed on overall new orders, with both service providers and manufacturers reporting marginal falls in **export sales** in October.

Firms reported higher **backlogs of work** for the first time since July 2022 in October. This ended a 38-month period of falling outstanding work, by far the longest in the series history. The overall rise reflected solid growth at service providers, but it masked a further decline in manufacturing backlogs.

Despite faster growth of new work and higher backlogs, German private sector companies continued to shed staff in October. **Employment** fell for the seventeenth month running, the longest sequence of decline since that which ran from October 2008 to February 2010. That said, the rate of decline slowed notably since September and was only marginal as service providers increased staffing for the eighth time in 2025 so far. Manufacturers on the other hand cut workforces at the strongest rate since June.

Input price inflation accelerated for the third consecutive month in October and was the highest since February. The latest pick-up in overall cost pressures again reflected service sector operating expenses, which rose the most in six months and at a

rate that moved further above the long-run average. Average input prices at goods producers fell for the thirty-third month running, albeit at the slowest rate since March. Stronger overall input cost inflation was reflected in **output prices**, which also increased at the quickest rate since February. Charge inflation rose to a seven-month high in services, while manufacturing output prices increased for only the second time in the past 29 months.

German private sector companies remained confident of growth in activity over the next 12 months. That said, overall **business expectations** eased further below the long-run average to the weakest since April. Sentiment moderated in both manufacturing and services. Although a number of companies reported securing new projects for 2026, others commented on an outlook clouded by domestic economic weakness, geopolitical tensions, high costs, business relocations to cheaper regions and waning international competitiveness.

Comment

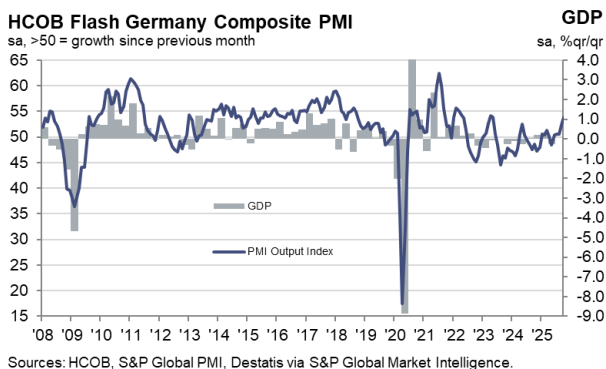
Commenting on the flash PMI data, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

“This is an unexpectedly good start to the final quarter. Activity in the service sector has increased significantly, and output in the manufacturing sector has risen for the eighth consecutive month. This means that the economy as a whole is also showing accelerated growth. It is encouraging to see that new orders in the manufacturing sector have risen again slightly after a dip in the previous month. New business in the service sector has even received a real boost. Basically, these are good conditions for growth in the fourth quarter. However, the fact that the outlook for the future is more cautious than in the previous month, both among service providers and in industry, shows that the economic situation remains fragile.

“The situation in the manufacturing sector remains difficult. Although companies in this sector once again produced more than in the previous month, they are continuing to cut jobs at an accelerated pace. Added to this are the current problems surrounding supply chain issues in connection with semiconductors, which are particularly needed in the automotive sector, but also in mechanical engineering. The accelerated reduction in stocks of inputs and slower supplier delivery times may be linked to these uncertainties.

“The situation in the service sector is brightening. This is evidenced by significantly more business activity than in the previous month and a higher volume of new business. In addition, after two months of staff reductions, companies have stepped up their hiring again. One factor weighing on the sector is that costs have risen at an accelerated pace for the third month in a row. Above-average wage increases are likely to continue to have an impact here, as they are enforceable despite the deterioration in the labour market situation in the economy as a whole. At least service providers are in a position to pass on some of the cost increases to their customers, as sales prices have also risen more sharply than in the previous month.”

-Ends-



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Note to Editors

Final October data are published on 3 November for manufacturing and 5 November for services and composite indicators.

The HCOB Germany PMI® (Purchasing Managers' Index™) is produced by S&P Global and is based on original survey data collected from a representative panel of around 800 companies based in the German manufacturing and service sectors. The flash estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Composite Output Index ¹	0.0	0.4
Manufacturing PMI ³	0.0	0.3
Services Business Activity Index ²	-0.1	0.6

The Purchasing Managers' Index (PMI) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI® surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact economics@spglobal.com.

Notes

1. The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

Hamburg Commercial Bank AG

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

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S&P Global (NYSE: SPGI)

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About PMI

Purchasing Managers' Index™ (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. <https://www.spglobal.com/marketintelligence/en/mi/products/pmi.html>

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