

# S&P Global Flash Germany PMI<sup>®</sup>

## Business activity growth slows as costs spike higher in March

### March 2026

Flash Germany PMI Composite Output Index: 51.9 (Feb: 53.2). 3-month low.

Flash Germany Services PMI Business Activity Index: 51.2 (Feb: 53.5). 7-month low.

Flash Germany Manufacturing Output Index: 53.7 (Feb: 52.5). 49-month high.

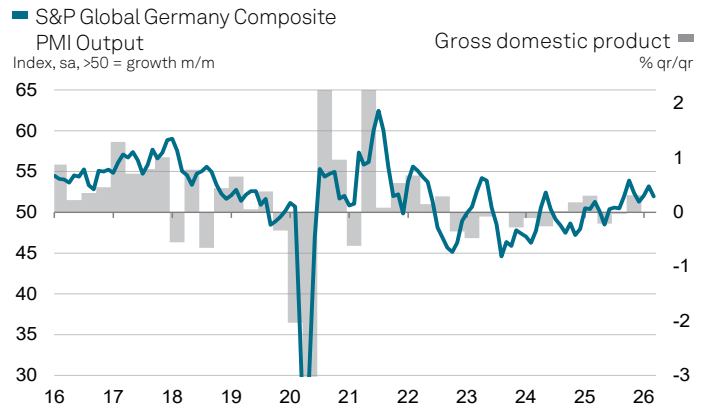
Flash Germany Manufacturing PMI: 51.7 (Feb: 50.9). 45-month high.

The latest 'flash' S&P Global PMI<sup>®</sup> survey showed a slowdown in growth across the German private sector in March alongside a spike in cost pressures linked to the war in the Middle East. Business expectations fell noticeably from the month before, whilst there were further broad-based job losses.

The S&P Global Flash Germany Composite PMI Output Index registered 51.9 in March, down from 53.2 in February. This signalled a slowdown in the overall rate of business activity growth to its weakest since last December. The result owed entirely to a loss of momentum in the service sector, where business activity growth slowed to only a modest pace that was the weakest in the current seven-month upturn (index at 51.2). By contrast, the rate of expansion in manufacturing production quickened to its fastest for just over four years (index at 53.7), buoyed by stronger inflows of new orders.

German manufacturers recorded a third straight monthly increase in intakes of new work in March, with the rate of growth picking up slightly to its quickest for four years. There were several reports of the Middle East war leading to increased demand, including mentions of some customers looking to avoid supply disruption and build up stocks. However, the upturn in manufacturing orders books was more than offset by a drop in new business in the service sector, resulting in a first – albeit marginal – drop in total sales for three months. Inflows of new business fell modestly in the service sector, ending a five-month sequence of growth. Panellists attributed the decline to heightened uncertainty, worsening financial conditions and customers facing sharply rising costs.

March saw the rate of input price inflation across the German private sector surge to its highest for over three



Data were collected 12-20 March 2026.

Sources: S&P Global PMI, Destatis via S&P Global Market Intelligence. © 2026 S&P Global

### Comment

Phil Smith, Economics Associate Director at S&P Global Market Intelligence:

"March's flash data show the first impacts of the war in the Middle East on growth, demand, business confidence and, perhaps most notably, prices.

"The service sector has seen an immediate negative impact. Growth in business activity has slowed sharply to its weakest since the current upturn began last September, weighed down by a drop in inflows of new work that reflects a combination of increased uncertainty and rising price pressures.

"The big surprise is perhaps the acceleration in growth in the manufacturing sector. Reports from goods producers indicate that demand has in some cases been boosted by companies reacting to the disruption and uncertainty brought on by the war in the Middle East, with some bringing forward purchases over concerns about potential supply disruption in the coming months. Output expectations have been revised down, which is a sign that the surge in factory activity will likely be short-lived. Supply-chain pressures have already started building, with average lead times on inputs lengthening to the greatest extent for over three-and-a-half years in March. Moreover, the manufacturing sector is at the sharp end of the surge in inflationary pressures, seeing input costs increase at a rate not seen since late-2022."

years. Although cost pressures intensified in both monitored sectors, the rate of increase in manufacturing input prices accelerated particularly sharply, overtaking that recorded in the service sector and moving to its highest since October 2022. Panellists remarked on increases in the cost of energy, fuel, transportation, wages and a range of raw materials.

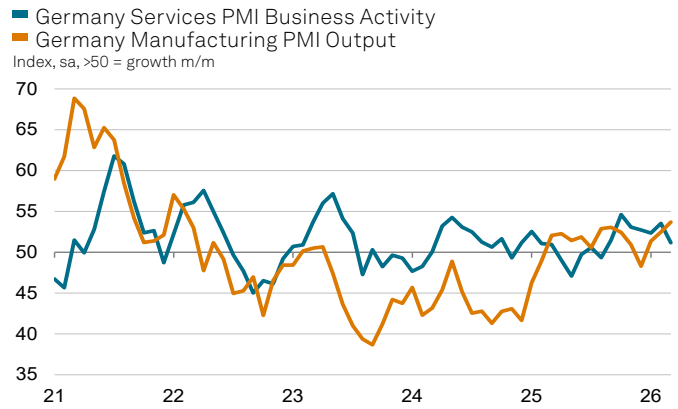
Output price inflation likewise quickened at the end of the first quarter, although it showed a more modest acceleration than that of input costs. Whilst factory gate charges rose to the greatest extent for over three years, the rate of increase in prices charged by service firms softened to a three-month low (although it was still comfortably above the long-run average).

Elsewhere, March's flash data showed a further broad-based drop in employment across the German private sector. That said, the rate of decline eased slightly to the weakest in three months, thanks to a slowdown in job shedding in the service sector. Factory workforce numbers, on the other hand, fell at a solid and accelerated rate.

Manufacturers meanwhile upped their purchasing activity in March. This partly reflected efforts to support higher production requirements, although there were also reports of more inputs being purchased to ensure availability amid concerns about supply. Average lead times lengthened for a seventh straight month and to the greatest extent since July 2022, with panellists often citing disruption to sea freight and delays to deliveries from Asia.

Together with the faster increases in output and new orders, the sharp lengthening of supplier delivery times (which is ordinarily indicative of increased demand) helped lift the headline Germany Manufacturing PMI to a 45-month high of 51.7 in March.

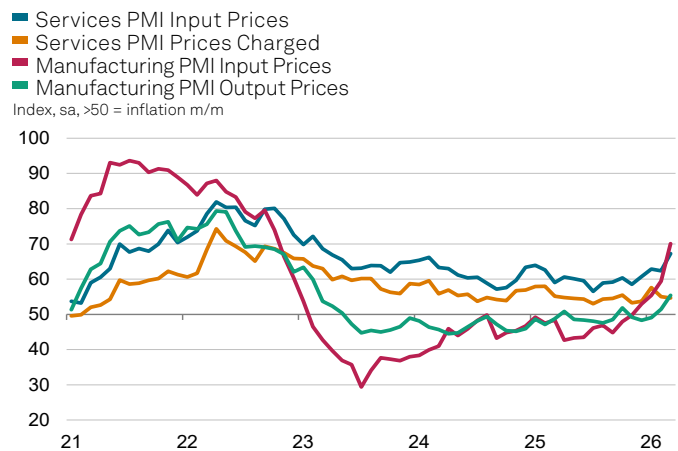
Lastly, March's flash results indicated a general reduction in businesses' growth forecasts for the coming year, owing to concerns about the war in the Middle East and the impacts on energy markets and supply chains. Overall expectations fell to their lowest for 11 months, reflecting similarly sharp reductions in both manufacturing and services, although they remained in positive territory.



Source: S&P Global PMI. ©2026 S&P Global.



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## Methodology

Final March data are published on 1 April for manufacturing and 7 April for services and composite indicators.

The S&P Global Flash Germany Composite PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

**Manufacturing:** Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

**Services:** Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing Purchasing Managers' Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

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Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.0 (absolute difference 0.4)

Services Business Activity Index = -0.1 (absolute difference 0.6)

Manufacturing PMI = 0.0 (absolute difference 0.3)

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.

For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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