NEWS RELEASE
MARKET SENSITIVE INFORMATION
Embargoed until 0955 CET (0855 UTC) 2 January 2025

# HCOB Germany Manufacturing PMI®

## Manufacturing sector ends 2024 in disappointing fashion as declines in output and new orders accelerate

**Key findings:**

HCOB Germany Manufacturing PMI at 42.5 (Nov: 43.0). 3-month low.

HCOB Germany Manufacturing PMI Output Index at 41.7 (Nov: 43.1). 3-month low.

Growth expectations for year ahead remain muted

Data were collected 5-16 December 2024.

Germany's manufacturing sector ended 2024 on a disappointing note, recording sharp and accelerated declines in both output and new orders, the latest HCOB PMI® survey showed. There were further cutbacks to employment and inventories as firms adjusted to the weaker demand environment, albeit with the rates of decline easing in each case. Growth expectations amongst goods producers remained muted, and even weakened slightly from the month before, reflecting political uncertainty and concerns for the German economy.

As for the supply side, latest data showed a continued improvement in input leads times as well as further downward pressure on purchase prices. The decline in costs did however ease slightly, as was also the case for factory gate charges.

The headline **HCOB Germany Manufacturing PMI®** is a gauge of overall business conditions derived from measures of new orders, output, employment, supplier delivery times and stocks of purchases. At 42.5 in December, down from readings of 43.0 in both October and November, the PMI signalled a sharp and slightly accelerated decline in business conditions at the end of the final quarter of 2024.

The drop in the headline index was driven mainly by faster falls in both output and new orders, its two weightiest components. Production volumes decreased at the second-quickest rate in the past 14 months in December, led by a particularly steep downturn in the intermediate goods sector.

The rate of decline in new orders was likewise one of the fastest observed in 2024. Qualitative evidence gathered by the survey highlighted headwinds to demand from market uncertainty and excess stock levels at customers. Export orders were down markedly on the month, albeit falling at a slower rate than in November and that of total new business, to suggest that the domestic market was a key source of weakness.

Backlogs dropped sharply once again in December, and at a slightly quicker rate than the month before. With firms able to complete orders more quickly than they were received, there was further scope to reduce staffing capacity during the month. Employment fell markedly and for the eighteenth month running, although the rate of decline did ease to the weakest since August.

It was a similar story for stock levels. The weak demand environment led manufacturers to reduce holdings of both pre- and production inventories. However, whilst still substantial by historical standards, the rate of depletion of input stocks slowed to the weakest for ten months.

A further sharp – albeit slightly slower – decrease in manufacturers' purchasing activity in December contributed to yet another improvement in input delivery times, as surveyed firms commented on spare capacity among suppliers and better material availability. Moreover, vendor performance improved to the greatest extent since last August.

Average prices paid for purchases decreased for the twenty-third month running in December. Surveyed firms attributed this to not only discounts from suppliers, but also lower energy and raw material costs. That said, the latest decline in overall input prices was the weakest for four months. Average factory gate charges meanwhile fell markedly but at the slowest rate since last September.

Manufacturers' year-ahead growth expectations were revised down slightly since November and continued to run well below the long-run average. Alongside concerns about political uncertainty, firms identified threats to the outlook from weakness in the construction and automotive sectors.

**Comment**

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

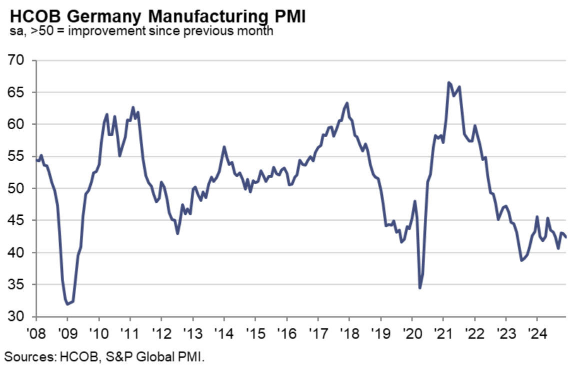
*“The situation in the manufacturing sector is still pretty grim. Production is on a steep decline, and new orders keep slumping, making it clear that the industry won't be coming out of recession anytime soon. Our nowcast model, which includes the HCOB PMI among other factors, suggests that industrial value added likely fell by 0.9% in the fourth quarter compared to the previous quarter. The shrinking order backlog since June 2022 suggests that the new year won't start much better either.*

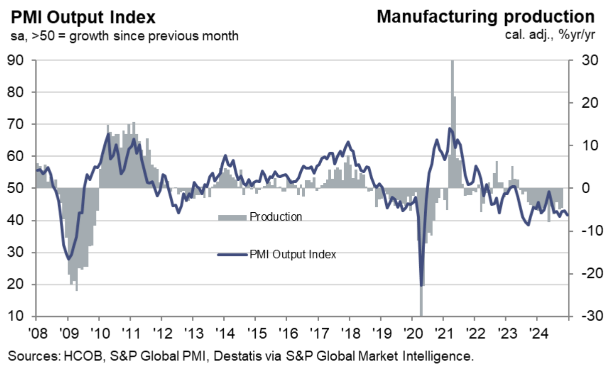
*“Looking back, it has been a lost year for the manufacturing sector. The PMI stayed continuously in recessionary territory, companies kept cutting staff month after month, and order backlogs fell across the board. The only slightly positive note is that staff reductions in recent months have led to a slight increase in labor productivity. However, this increase isn't enough to turn things around.*

*“The manufacturing slump is widespread across different sectors. Intermediate goods took the biggest hit in December, with the corresponding PMI dropping like a rock to the lowest level of the year. Things are not looking much better for the investment goods sector either, as its PMI has been stuck in recessionary territory all year long. Given that both of these sectors are heavily exposed to tariffs threatened by the US, it's hard to imagine a sustainable recovery in the coming quarters.*

*“After two-and-a-half years of deteriorating business conditions in the manufacturing sector, this trend might end in the second half of 2025. By then, Germany should have a new government, and the current wait-and-see attitude towards investment and consumption could change. But finding support for this thesis in the numbers is difficult. The index for future production is barely above 50, suggesting that companies expect to produce only slightly more in a year than they do today.”*

-Ends-



**Contact**


**Hamburg Commercial Bank AG**
Dr. Cyrus de la Rubia
Chief Economist
T: +49-160-9018-0792
cyrus.delarubia@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

**S&P Global Market Intelligence**
Phil Smith
Economics Associate Director
T: +44-1491-461-009
phil.smith@spglobal.com

Sabrina Mayeen
Corporate Communications
T: +44-796-744-7030
sabrina.mayeen@spglobal.com


**Note to Editors**

The HCOB Germany Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 420 manufacturers. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in April 1996.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey 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.

The headline figure is the 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.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

Flash data were calculated from 92% of final responses. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.0 (0.3 in absolute terms).

For further information on the PMI survey methodology, please contact economics@spglobal.com.

**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.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

**S&P Global (NYSE: SPGI)**

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

**About BME**
The BME is the German Association for Supply Chain Management, Procurement and Logistics. Founded in 1954 it provides services for around 9750 individual and corporate members, including small and medium-sized businesses as well as Germany's top 200 companies. The BME liaises between businesses and academia, both on the demand and the supply side, by providing the necessary networks for communication and knowledge exchange. The association is open to all company types from any sector (industry, trade, banking/insurance, public sector, service providers, etc.).

Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (BME), Frankfurter Str. 27, 65760 Eschborn, GERMANY

Contact: Frank Rösch, Head of Press and Communications

E-mail: frank.roesch@bme.de  Internet: www.bme.de

**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. www.spglobal.com/marketintelligence/en/mi/products/pmi.html

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click here.

**Disclaimer**