

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

New order growth hits 39-month high in June, but factory employment continues falling

Key findings:

HCOB Germany Manufacturing PMI at 49.0 (May: 48.3). 34-month high.

HCOB Germany Manufacturing PMI Output Index at 51.9 (May: 51.4). 2-month high.

Business expectations highest since February 2022

Data were collected 12-24 June 2025.

Increased demand for German manufactured goods contributed to a rise in factory production levels across the eurozone's largest economy in June, the latest HCOB PMI[®] survey showed. Goods producers' purchases of raw materials and other inputs meanwhile rose for the first time in three years as expectations towards future output improved. Factory employment, on the other hand, continued to fall, with the pace of job cuts even quickening slightly.

The discounting of prices remained a theme across the manufacturing sector, with latest data showing sustained declines in both input costs and factory gate charges amid reports of strong competitive pressures.

The headline **HCOB Germany Manufacturing PMI[®]** – a gauge of overall business conditions derived from measures of new orders, output, employment, supplier delivery times and stocks of purchases – came in at 49.0 in June, up from 48.3 in May and its highest reading since August 2022. Whilst both new orders and output rose on the month, the headline PMI was kept below the 50.0 no-change threshold by further reductions in both employment and stocks of purchases as well as an improvement in supplier delivery times (which imparts a negative influence due to an implied weakness in capacity pressures).

New orders rose for the third time in the past four months in June, after falling slightly in May. Furthermore, the rate of growth was the strongest recorded since March 2022. Reports from surveyed firms indicated an increase in demand both at home and abroad, with the latter being reflected in a third straight monthly rise in new export orders.

Faced with a rise in demand, German manufacturers scaled up production for the fourth time in as many months in June. The rate of growth ticked up slightly, but it remained only modest and aligned with the average recorded over the current sequence of expansion.

The sustained upturn in production requirements led goods producers in Germany to increase their purchasing activity for first time in three years in June, albeit only marginally. Even so, stocks of purchases continued to fall, as did post-production inventories, with the rates of depletion quickening slightly in both cases.

Employment levels continued to be scaled back during June, stretching the current sequence of staff retrenchment to exactly two years. Moreover, the pace of job shedding quickened for the first time in four months and was the fastest recorded since February. Backlogs of work fell at the end of the second quarter, in a sign of underutilised capacity. Furthermore, the rate at which work-in-hand was cleared was the quickest seen so far this year.

Latest data also indicated a lack of pressure on supply chains, as evidenced by quicker lead times for inputs. The extent to which delivery times shortened was however among the smallest seen since the current sequence of improvement in vendor performance began in late 2022.

Average prices paid by German manufacturers for inputs fell in June, continuing the trend seen every month for almost two-

and-a-half years. The rate of decline was the slowest for three months but still substantial. Alongside competition among suppliers, panellists noted the influence of a weaker US dollar. Cost savings were often passed on by manufacturers as factory gate charges fell for a second straight month.

Lastly, June's survey indicated a slight improvement in manufacturers' growth expectations for the coming year. Confidence was the highest since February 2022, reflecting the plans for increased public sector spending and hopes of a wider economic upturn.

Comment

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

“Signs of a recovery, albeit a somewhat sluggish one, are increasing. Production rose for the fourth month in a row, especially in the capital goods sector in June, and order intakes have also picked up recently. The strength of the recovery is somewhat called into question by the accelerated pace of job cuts and the steeper reduction in inventories of raw materials and intermediate goods. The latter, however, may be the result of companies underestimating demand and therefore having to draw more than usual on existing stocks of inputs for production. Overall, the headline PMI is pointing upward and is on the verge of crossing into expansion territory.”

“It is encouraging that new orders have risen three times in the past four months. In June, impulses came from both abroad and domestically. It is therefore not only the pull-forward effects of US importers seeking to pre-empt higher tariffs that are providing some tailwinds for German industry, but also domestic demand, which is gradually showing signs of life again.”

“Purchasing prices have been falling month after month for around two-and-a-half years. However, competition has ensured that customers of German manufacturers have also been benefiting from lower prices for most of the past two years. The discounting appears to be somewhat less pronounced in sales prices, however, which suggests that profit margins in industry have risen.”

“The manufacturing sector is looking to the future with a great deal of confidence. While the mood in autumn last year was very subdued, a large number of companies now consider it likely that production will increase over the next twelve months. There is clearly some hope here that the new government will soon deliver on its promises to stimulate the economy.”

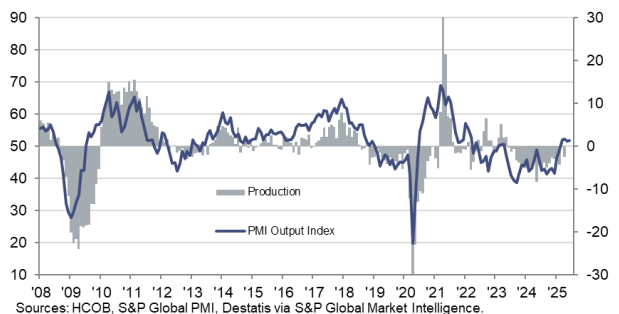
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HCOB Germany Manufacturing PMI
sa, >50 = improvement since previous month



PMI Output Index

sa, >50 = growth since previous month



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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 75% 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.

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

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