

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Germany PMI[®] Export Conditions Index

Weakest manufacturing export conditions since January

Key findings:

Headline HCOB Export Conditions Index drops to eight-month low of 49.8

Weaker contributions from Europe, the US and Asia

Automobiles & Auto Parts registers sharpest fall in export orders since May 2020

German Chemicals producers buck the steep downturn in overall export sales

The headline HCOB Germany Manufacturing PMI[®] Export Conditions Index is a single-figure measure of global macroeconomic conditions on a trade-weighted basis for German manufacturers, with additional series compiled for major world regions and markets. It is constructed from surveys in over 40 countries and regions by S&P Global.

The index is published by Hamburg Commercial Bank as part of a monthly report that is designed to offer unique and timely macroeconomic insights into export performance across the German manufacturing sector.

Comment

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

“The global economy is throwing up some challenges for German exporters. The latest HCOB export PMI for Germany slipped just below the 50 mark, which signals contraction. This comes after a period of modest tailwinds since February, though these have not really given much of a boost to German industry. Now, German companies are grappling with not only weak domestic demand and local hurdles but also a slowdown in the global economy.”

“The US is stabilizing demand conditions for German exporters. While the export index for North America has dipped a bit, it still shows healthy growth. Europe, however, is where things look bleak. Germany's biggest export market is still facing downward momentum, and that trend has even worsened recently. Meanwhile, Asia, where growth has slowed, isn't picking up the slack from Europe's declining demand.”

“On a sector-by-sector basis, the situation ranges from disastrous to somewhat decent. The automotive sector, in particular, is struggling, with new orders dropping sharply—something that's been happening for more than two years now but accelerated in September. The drama around Volkswagen has not helped matters. On the flip side, the chemical sector is faring better. Since April, incoming orders have been ticking upward, with a noticeable bump in September. Companies probably benefited from the significant fall in oil prices in September, as oil is the starting material for most chemical products.”

Export conditions

September data indicated a fractional downturn in business activity across overseas markets, which represented a reversal of fortunes after a marginal expansion during the previous month. The headline HCOB Germany Manufacturing PMI Export Conditions Index posted 49.8, down from 50.7 in August and the lowest reading since January.

All three main global regions registered a loss of momentum in September. North America (52.7) remained the fastest-growing, despite the rate of expansion easing to a five-month low in September. Moreover, on a trade-weighted basis, output growth in Asia (51.1) increased at the weakest pace since October 2023. This was largely due to a slowdown in private sector activity growth across China.

Meanwhile, lacklustre export demand persisted in Europe (48.6), with this index in contraction territory for the fourth consecutive month. Renewed declines in private sector output in France and Italy more than offset pockets of growth in Spain, the UK and Ireland.

HCOB Germany Manufacturing PMI Export Conditions Index

sa, >50 = improvement since previous month



New export orders

German manufacturers signalled a steep and accelerated decline in their volumes of new work from abroad in September. At 39.7, down from 40.8 in August, the seasonally adjusted HCOB Germany Manufacturing PMI New Export Orders Index was below the 50.0 no-change mark for the thirty-first consecutive month. Moreover, the rate of contraction was the fastest since October 2023.

Survey respondents widely linked falling export sales to weak global demand for manufactured goods, as well as challenging market conditions. There were also reports that heightened geopolitical uncertainty had led to delayed decision-making among clients, especially on major capital spending projects. Where growth was reported, firms mostly noted rising demand from US clients. This contrasted with relatively weak spending patterns across Europe and Asia.

While the latest decline in new orders from abroad partly reflected an unfavourable global economic backdrop, the downturn in exports across Germany's manufacturing sector continued to exceed the worldwide trend by a wide margin. In fact, the rate of decline in new export orders was the second-fastest of the 29 economies monitored by PMI surveys in September, exceeded only by Austria.

Sub-sector data indicated that Automobiles & Auto Parts (28.7) was by far the worst-performing export category in September. Moreover, the latest downturn in new work from abroad in the German automotive sector was the fastest since May 2020. Survey respondents again commented on intense competitive pressures and subdued customer demand. Consumer Non-cyclicals (41.2) also registered a steep reduction in new export orders, which was mostly linked to lacklustre consumer spending in Europe.

Machinery & Equipment (46.3) showed a degree of resilience, with the downturn less marked than recorded across the manufacturing sector as a whole, as rising sales to US clients partly offset weakness in Europe.

Finally, Chemicals (51.8) was the bright spot for manufacturing export orders in September, with growth recorded for the sixth month running. The rate of expansion was only modest but accelerated since August. Chemicals producers noted a boost from customer restocking and signs of a turnaround in global demand for raw materials.

The next HCOB Germany Manufacturing PMI Export Conditions Index will be released at 10:00 (CET) on 12th November 2024.

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Note to Editors

The HCOB Germany Manufacturing PMI Export Conditions Index is a seasonally adjusted single-figure indicator of the health of Germany's most important manufacturing export markets. The Index varies between 0 and 100, with a reading above 50 indicating an overall improvement compared to the previous month, and below 50 an overall deterioration.

The index is calculated by weighting together national PMI output indices from S&P Global's PMI surveys. Weights are derived from official trade statistics relating to each nation's contribution to German manufacturing exports. By weighting together the national output indices according to their importance to German manufacturing exports, a single advance indicator for the overall health of Germany's export markets is obtained.

The national output indices are calculated as weighted averages of the Manufacturing PMI Output Index and the Services PMI Business Activity Index where available. Weights are derived from national official statistics on value added by sector. All data are seasonally adjusted.

Underlying national PMI data included in the HCOB Germany Manufacturing PMI Export Conditions Index are not subject to revision. Country weights are updated as new calendar year official trade statistics become available and are used in the index calculation on an as-reported basis. Any changes to country weights are not applied retrospectively (i.e. the historic index is not revised due to the incorporation of new country weights).

The headline index may be revised from time to time if constituent national data are unavailable for inclusion in the figures due to later than usual release dates. Revised values reflect the inclusion of economy level data that was unavailable at release time into the aggregate global index.

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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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.

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