

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Flash Germany PMI®

### German growth strongest since February

#### Key findings:

- Flash Germany PMI Composite Output Index<sup>(1)</sup> at 55.2 (54.8 in Jun). 5-month high.
- Flash Germany Services PMI Activity Index<sup>(2)</sup> at 54.4 (54.5 in Jun). 2-month low.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 57.3 (55.9 in Jun). 3-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 56.8 (55.2 in Jun). 3-month high.

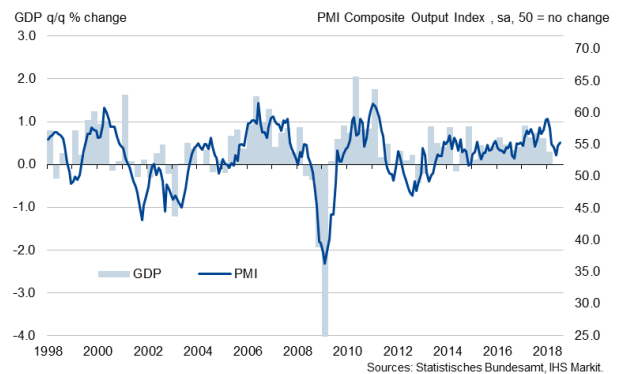
Data collected July 12-23

July saw a further pick-up in the rate of growth of Germany's private sector economy from a 20-month low in May to a five-month high, driven by a stronger increase in manufacturing output. New order growth also gathered pace, seeing the steepest rise for four months. Private sector firms continued to add staff at a marked rate, while price pressures intensified.

The **IHS Markit Flash Germany Composite Output Index** rose to 55.2 in July from 54.8 in June, to signal a second successive monthly acceleration in the rate of growth in private sector business activity. The implied expansion was the fastest since February, but remained below the strong trend shown over 2017. By sector, services business activity increased at a solid rate that was little-changed from June, while manufacturing output growth was the fastest since April.

The **IHS Markit Flash Germany Manufacturing PMI** improved to a three-month high of 57.3 in July, from 55.9 in June. The rise in the index reflected stronger increases in output, new orders and stocks of purchases, as well as a greater incidence of supply chain delays. Manufacturing

#### IHS Markit Germany Flash PMI



employment rose at a pace little-changed from June, remaining historically strong.

Total inflows of **new business** rose at the fastest rate for four months in July. Behind this acceleration was stronger demand in the goods-producing sector, where growth recovered from June's 27-month low. In the detail, the manufacturing survey showed that **new export orders** increased at the fastest rate in three months. Meanwhile, new business in the service sector increased at a rate little-changed from June's five-month high.

The July survey indicated a sustained strong pace of hiring across the private sector. The rate of **job creation** was unchanged from June's five-month high, and remained strong in the context of historic data. Moreover, employment growth remained sharp across both manufacturing and services.

Despite the sharper rate of growth in output in July, **business confidence** towards the year-ahead outlook for activity remained relatively subdued. The Future Output Index was at its second-lowest level in 20 months, remaining well below the highs seen in 2017. Data showed conflicting trends at the sector level, with improved sentiment among

manufacturers contrasting with a waning of service providers' confidence to the lowest since December 2016.

Price pressures intensified in July. **Input price** inflation accelerated for the third month running to the highest since January, widely linked to higher wages and fuel. In addition, manufacturers highlighted increased steel prices, as well as supply shortages emanating from China which drove up prices in general.

**Average output prices** rose at the fastest rate in five months in July. Charges rose at similarly marked rates in the manufacturing and services sectors. Notably, service providers increased their charges at the second-fastest rate ever recorded, just short of the all-time high seen in September 2000.

### Comment

Commenting on the flash PMI data, **Trevor Balchin**, Economics Director at IHS Markit said:

*"Private sector output growth in Germany continued to regain momentum in July, having previously sank to a 20-month low in May. The manufacturing sector was the source of stronger growth in the latest month, after services had driven the expansion in June.*

*"Private sector employment continued to expand at a historically sharp rate in July, with the pace unchanged from June's five-month high. Manufacturers added staff at a faster pace than service providers for the seventeenth consecutive month.*

*"Data on new business were less positive than the trends for total activity and jobs, however. This mainly reflected new orders in manufacturing not rising as fast as output, resulting in the slowest rise in backlogs in the sector for two years.*

*"The latest survey also signalled greater inflationary pressures in July, with both input and output prices rising more steeply. Manufacturers widely reported higher steel prices, and supply shortages from China in general. Meanwhile, service providers hiked their own charges at the second-fastest rate on record."*

-Ends-

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**Note to Editors:**

Final July data are published on 1 August for manufacturing and 3 August for services and composite indicators.

The Germany PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of 1000 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
Germany Composite Output Index <sup>1</sup>	0.0	0.4
Germany Manufacturing <i>PMI</i> <sup>3</sup>	0.0	0.3
Germany Services Business Activity Index <sup>2</sup>	-0.1	0.6

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

IHS Markit 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**Notes**

1. The Composite Output *PMI* 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?"

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Purchasing Managers' Index<sup>®</sup> (*PMI*<sup>®</sup>) 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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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