

NEWS RELEASE

MARKET SENSITIVE INFORMATION

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HCOB Germany PMI® Export Conditions Index

Manufacturing export conditions stagnate amid increasing weakness in European markets

Key findings:

HCOB Export Conditions Index slips out of growth territory for first time in six months

Steepest drop in European trade-weighted activity since January

North America remains the strongest growing region, followed closely by Asia

Chemicals export sales continue to rise, going against the wider manufacturing trend

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, Norman Liebke, Economist at Hamburg Commercial Bank, said:

"German export markets are back in contraction territory for the first time in six months. At 49.9, the export conditions index is only just below the expansion threshold of 50, so it is not possible to speak of a clear contraction either. If you take a closer look at the individual regions, there is no consolation to be expected: The export conditions index for Germany has fallen in all regions without exception. North America is currently the strongest performer here, although this is due in particular to the increase in activity in the United States. Asia is the second strongest region, with China growing more weakly, which was partly compensated for by a stronger performance in Japan."

"From a sectoral perspective, the automotive industry is performing the worst. The slowdown is continuing and even accelerated further in July. Non-cyclical consumer goods are also weakening, which, according to anecdotal evidence, is particularly linked to subdued demand from the retail sector. Only the chemical sector is able to grow relatively robustly and soften the export sector's decline."

"Most countries recorded a decline in export orders in July. Germany's neighbouring countries, including Austria, France and the Netherlands, looked particularly bad in July. In contrast, many economies in the Asian region, including India, Taiwan, South Korea, Vietnam and Malaysia, recorded more export orders than in June."

Export conditions

The recent improvement in global export conditions stalled in July. This was indicated by the HCOB Germany Manufacturing PMI Export Conditions Index – which tracks changes in trade-weighted global economic activity – falling to 49.9, just below the 50.0 mark that separates growth from contraction. The latest reading was down from 50.8 in June and the lowest since January's 49.3.

The stagnation in overall export conditions largely reflected increasing weakness in European markets. Trade-weighted activity across Europe fell for the second month running and at the fastest rate since January (the respective index at 47.9). Central to this were downturns in economic performance in the Netherlands and Czechia. Spain and Greece remained two of the bright

spots in Europe, although both recorded slower expansions than in June.

North America (53.3) was the strongest growth area for the second month running in July, owing to a sustained robust upturn in the US. The latest rise in trade-weighted activity in the region was the least marked for three months, however. This was also the case for Asia (52.8), where a loss of momentum in China offset a return to growth in Japan.

HCOB Germany Manufacturing PMI Export Conditions Index

sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

New export orders

Amid a backdrop of faltering global economic conditions, goods producers in the eurozone's largest economy reported a continued decline in international demand at the start of the second half of the year. At 44.4, up marginally from June's 44.1, the HCOB Germany Manufacturing PMI New Export Orders Index remained firmly in sub-50 contraction territory.

Export sales also fell globally for the second month running in July. Although the latest decrease was again only modest, it nevertheless further reversed the brief upturn in trade flows seen between April and May. Among the economies monitored by the survey data, India remained the stand-out as it recorded a sharp and accelerated increase in export sales. Vietnam and Brazil were the best of the rest, while Greece saw the only notable increase in new orders from abroad among the monitored European countries.

Germany remained towards the lower end of the scale for export performance globally in July. This was due in large part to a sharp reduction in foreign orders in the country's Automobiles & Auto Parts sector, where the rate of contraction even quickened slightly for the second month in a row (the respective index recording an average of 36.4 in the three months to July).

The decline in new export orders across the Consumer Non-cyclicals segment (44.7) was broadly in line with that recorded for the German manufacturing sector as a whole. Here, surveyed businesses commented on subdued retail demand amid caution among consumers.

Machinery & Engineering remained one of the better-performing sectors, recording only a modest decline in new export orders that was among the weakest seen over the past two years.

More positively, Chemicals export sales continued to go against the wider trend, rising sharply and at the quickest rate since late 2021. Stock-replenishment efforts were cited as a factor supporting the recovery in international demand for Chemicals products.

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

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.

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