NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Germany Manufacturing PMI®

Output returns to growth in January amid renewed upturn in new orders

Key findings:

HCOB Germany Manufacturing PMI at 49.1 (Dec: 47.0). 3-month high.

HCOB Germany Manufacturing PMI Output Index at 51.4 (Dec: 48.3). 3-month high.

Input cost inflation ticks up to 37-month high

Data were collected 12-23 January 2026.

Germany's manufacturing sector made a positive start to 2026, according to the latest HCOB PMI® survey data, seeing output levels return to growth after a brief contraction in December. The upturn was supported by increased intakes of new orders, which rose for the first time in three months, albeit only marginally.

However, despite January also seeing a slight improvement in firms' expectations for activity in the coming 12 months, the year began with another marked drop in factory workforce numbers, as well as further notable decreases in both pre- and post-production inventories.

Elsewhere, the latest survey results showed growing cost pressures across the sector as input prices rose at the quickest rate for over three years. Still, average factory gate charges fell slightly due to 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 – improved from December's 47.0, which was the lowest seen since last February, to a three-month high of 49.1 in January. Nevertheless, it has now posted below the 50.0 no-change mark for 43 months in a row.

The latest data showed a modest rise in production volumes across the German manufacturing sector in January. This followed the first decrease in output for ten months in December.

Supporting the upturn was a renewed increase in new orders. That said, demand was shown to have picked up only slightly following notable weakness in the closing stages of last year. New export sales remained in contraction, albeit falling only marginally and at the weakest rate for three months.

Goods producers worked through backlogged orders during January to also help support production levels. Outstanding business fell more quickly than the month before.

Manufacturers scaled up production despite reporting a further decrease in employment in January. Firms that reported cutbacks to workforces remarked on company reorganisations, leaving vacated positions unfilled, and cuts to contractor numbers. The rate at which staffing levels fell was solid and broadly in line with the average over the current sequence of retrenchment.

At the same time, the latest data showed substantial decreases in both pre- and post-production inventories, with the latter posting the steepest drop since August 2021. Manufacturers' purchases of inputs fell only fractionally, however, recording the slowest rate of decline for six months.

Lead times on purchases lengthened for the fifth month running in January, albeit only modestly and to a lesser extent than seen in December. Average prices paid for inputs meanwhile rose for the second month running, after previously falling continuously for almost three years. The rate of cost inflation was the quickest recorded since December 2022, amid reports of upward pressure on metals prices in particular, but also energy, electronics and wages.

Average factory gate prices, nevertheless, fell for the third straight month in January, reflecting reports from companies of strong competition for new work. That said, the rate of decline eased since December and was only modest.

Looking ahead, German manufacturers were optimistic about the year ahead, and slightly more so than in December. Expectations were in fact at their highest for seven months. Firms that were optimistic about the outlook cited new products, innovations and greater investment spending.

Comment

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

"This smells a bit like a recovery could be underway. Output has rebounded rather swiftly from the drop in December, optimism about future output has risen from an already high level, and new orders have ticked up a bit. Hopes for a broader recovery are supported by general anecdotal evidence. Manufacturers seem to see opportunities to pivot toward defence-related production, where demand is rising amid geopolitical tensions and increased public spending on military goods. The situation remains fragile, though. Companies are still drawing down their inventories at speed, and the backlog of work is shrinking even faster than at the end of last year.

"Input prices are climbing again. Much of this seems tied to the sharp jump in natural gas and oil prices, both driven up by cold weather across Europe and the US. Prices for metals like copper, nickel, and aluminium have also run higher in January compared to December. Companies, however, have struggled to pass these cost pressures on to customers. At best, they've managed to slow the ongoing three month decline in output prices, nothing more.

"Firms are continuing to shed jobs at a brisk pace. This likely reflects a combination of productivity enhancing measures and a response to the weak demand environment of the past several years. Those companies that have streamlined their production processes may find themselves well positioned if demand does pick up over the course of this year, as hinted by the improvement in the future output index."

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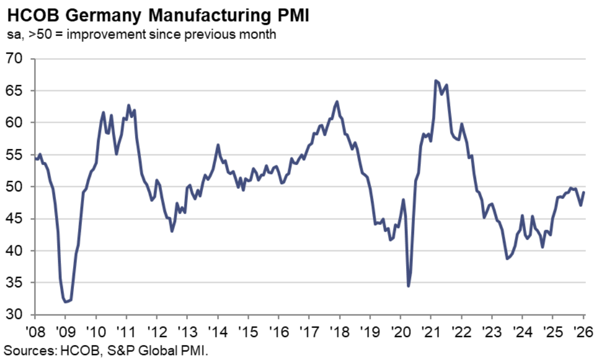

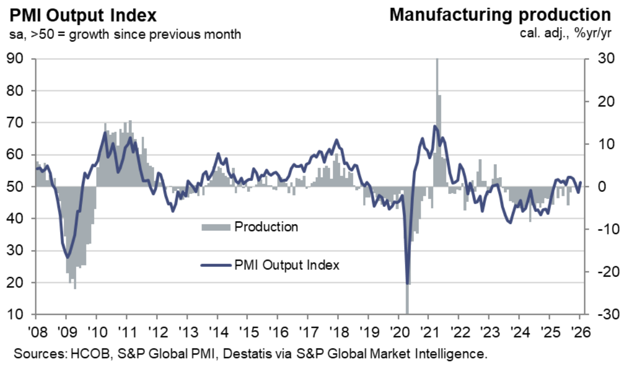

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Note to Editors

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 87% 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)

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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.).

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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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