

S&P Global Germany Manufacturing PMI[®]

Input cost inflation surges to highest since October 2022 amid outbreak of war in the Middle East

March 2026

Cost pressures intensify in March alongside notable supply chain delays

Output and new orders buoyed as customers react to disruption

Business expectations retreat sharply to four-month low

German manufacturers faced a surge in cost pressures and disruption to supply chains linked to the war in the Middle East in March, the latest PMI[®] survey data showed. Nevertheless, output and new orders both saw stronger rates of growth, with reports from surveyed businesses indicating a boost to demand from customers looking to mitigate disruption from the conflict. Looking ahead, however, manufacturers were a lot less confident of growth over the next 12 months than they were before the outbreak of the Middle East war.

The headline S&P Global Germany Manufacturing PMI[®] – a gauge of overall business conditions derived from measures of new orders, output, employment, supplier delivery times and stocks of purchases – registered 52.2 in March, up from 50.9 in February and its highest reading since May 2022. There were positive contributions from the output and new orders components, but the main driver of the rise in the headline PMI was the suppliers' delivery times index, which is inverted in the calculation due to longer lead times usually being associated with stronger demand.

Here, however, the marked deterioration in supplier performance largely reflected supply disruption stemming from the Middle East war, which notably included delays to freight from Asia. The extent to which lead times lengthened was the greatest seen since July 2022.

At the same time, goods producers faced a sharp increase in cost pressures. Input price inflation jumped to its highest since October 2022, having posted its largest monthly rise on record. Firms cited the influence of a surge in energy prices, alongside upward pressure on the costs of transportation and raw materials.

Factory gate price inflation likewise accelerated as firms looked to pass on some of the burden of higher costs to customers. Output charges rose at the quickest rate for just over three years, albeit one that was still comfortably below the all-time highs seen in 2021 and 2022.

As well as raising factory gate prices, manufacturers also scaled up their output levels in March. Moreover, the rate

S&P Global Germany Manufacturing PMI
Index, sa, >50 = improvement m/m



Data were collected 12-24 March 2026.

Source: S&P Global PMI. ©2026 S&P Global.

Comment

Phil Smith, Economics Associate Director at S&P Global Market Intelligence:

"The immediate impacts of the war in the Middle East on the German manufacturing sector are clear to see in March's PMI results. Most notably, input cost inflation has spiked higher on the back of the surge in oil and gas prices, registering its largest single-month rise on record.

"We're already starting to see signs of stress across supply chains, with lead times on inputs lengthening to the greatest extent since mid-2022. This has helped boost the headline PMI, due to the assumption that longer delivery times are usually associated with increased demand. March did in fact see stronger rates of output and new order growth, even against the backdrop of the Middle East war.

"However, given that the increase in demand at least partly reflected attempts by businesses to build buffer stocks and mitigate future price increases, we could see some payback in future months. Manufacturers themselves have revised down growth forecasts for the coming year, with heightened levels of uncertainty and strong inflationary pressures expected to eventually act as headwinds to demand and production. Of course, so much depends on the duration of the war in the Middle East."

of growth was the steepest seen since February 2022. The upturn in production coincided with a similarly solid increase in new orders.

There were several mentions from surveyed businesses of more orders being received due to the Middle East war, in some cases reflecting customers' efforts to build safety stocks and get ahead of price increases. Export sales also rose in March amid reports of stronger demand across a range of international markets, registering their strongest rise for nine months.

German manufacturers recorded an upturn in their purchasing activity in March. Although only modest, the increase was the most marked since June 2022. Pre- and post-production stocks meanwhile fell at quicker rates.

After reaching the highest for four years in February, manufacturers' growth expectations retreated sharply to their lowest since November last year. Anecdotal evidence indicated concerns towards sharply rising prices and heightened levels of uncertainty associated with the war in the Middle East.

The latest survey results meanwhile showed a sustained downturn in factory employment. Moreover, the rate of decline in workforce numbers in March was quicker than that recorded the month before. That was despite signs of growing pressure on capacity, as highlighted by a solid and accelerated increase in backlogs of work – the most marked seen since April 2022.

Methodology

The S&P Global Germany Manufacturing PMI® is compiled by S&P Global from responses to questionnaires sent to purchasing managers in a panel of around 400 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. Since January 2006 the average difference between final and flash Manufacturing PMI values is 0.1 (0.4 in absolute terms).

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.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

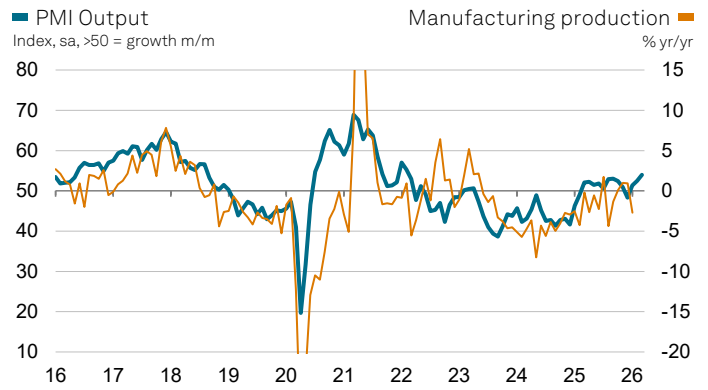
PMI by S&P Global

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Contact

Phil Smith
Economics Associate Director
S&P Global Market Intelligence
T: +44-1491-461-009
phil.smith@spglobal.com

Hannah Brook
EMEA Corporate Communications
S&P Global Market Intelligence
T: +44-7483-439-812
hannah.brook@spglobal.com
press.mi@spglobal.com

Frank Rösch
Head of Press and
Communications
BME
frank.roesch@bme.de

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Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (BME), Frankfurter Str. 27, 65760, Eschborn, Germany. www.bme.de