

NEWS RELEASE

MARKET SENSITIVE INFORMATION

Embargoed until 1000 CET (0900 UTC) 16 November 2023

HCOB Germany PMI® Export Conditions Index

Export conditions decline at fastest pace since November 2022 as lacklustre demand in Europe takes its toll on German manufacturers

Key findings:

HCOB Germany Manufacturing PMI Export Conditions Index dips to 11-month low

Export conditions across Europe worsen to greatest extent since May 2020

Modest economic growth in North America and Asia is a bright spot for exporters

Sub-sector data highlights resilient German export orders for consumer staples

Welcome to the HCOB Germany Manufacturing PMI® Export Conditions Index, a new monthly index derived from worldwide Purchasing Managers' Index™ (PMI®) data compiled by S&P Global.

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

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.

Our report also examines the latest signals for German manufacturing export performance in an international context, with changes in new export order volumes benchmarked against those seen across Europe, the US, China and other key nations.

A sector breakdown of the HCOB Germany Manufacturing PMI New Export Orders Index has been compiled to offer more granular insights into the drivers of export sales.

Data were collected 11-27 October.

Comment

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

"The external environment for German companies remains rough. The HCOB PMI export conditions index has been heading south for six months in a row. Come October, and it is still waving the red flag on export conditions, which have been on a downward slope for five months straight. The most significant drag comes from European neighbours like France and Italy, but Emerging Markets are not helping much either. The modest growth of export destinations across Asia and the United States is providing just a slight buffer to the downturn closer to home.

"The German export sector is suffering above all from massive weakness in demand for Machinery & Equipment products. The automotive industry is also reporting a very weak order situation. The decline in orders for consumer staples and chemical products is somewhat less severe than in the previous month. While the situation here is also poor, there are tentative signs in the chemical sector of a turnaround. Overall, however, a broad-based weakness in exports can be observed.

"Apart from depressed demand, German manufacturers are also dealing with some long-term export headaches, according to statements of some of the surveyed companies. This includes challenges from high energy bills, tougher competition and the fear that rising protectionism might take over. The latter could easily happen, especially if there was a change in the US administration after the presidential elections by the end of next year.

"The order situation of Germany is bad by all standards. The HCOB Manufacturing PMI export orders index is at one of its

lowest points in its history. In addition, goods producers are experiencing one of the deepest demand recessions by international comparisons. Italy, Spain and the US are doing much better for example. We are inclined to expect to see the positive aspect of this situation, namely the potential for Germany to achieve a more dynamic rebound next year in comparison to its peers."

Export conditions

At 47.6 in October, down slightly from 48.0 in September, the headline seasonally adjusted HCOB Germany Manufacturing PMI Export Conditions Index signalled a sustained downturn in worldwide economic activity on a trade-weighted basis. The latest reading was the lowest since November 2022. A loss of momentum in overseas export markets has now been recorded for six successive months following April's recent peak. As such, the index illustrates that goods producers in Germany are facing a severe headwind to order books from a cyclical retrenchment in customer demand among major trade partners.

Lacklustre economic performance was centred on Europe in October, with trade-weighted export conditions weakening to the greatest extent since May 2020. The downturn reflected persistently subdued HCOB Composite PMI readings for France and Italy. Central European economies also struggled in October, whereas those in Southern Europe, such as Spain and Greece, showed a degree of resilience.

There was a mixed picture for export markets across Asia, with economic stagnation in China somewhat overshadowing resilient growth in India, Japan and several ASEAN nations. Sustained economic growth in the United States was the main bright spot for exporters in October, with private sector output in expansion for the ninth month in a row.

Aside from subdued overall demand trends, manufacturers in Germany have cited a myriad of longer-term export challenges, including those arising from the energy crisis, competitive pressures in key markets, and the threat of rising global protectionism. However, a positive development for exporters in 2023 so far has been a swift recovery in international supply chain performance after the severe disruptions experienced in the previous two years.

Our latest report highlights that supply-side conditions in Germany continued to improve more quickly than in the United States, China and elsewhere in Europe. A rapid post-pandemic recovery in supplier performance therefore provides some optimism that the German manufacturing sector will find itself well positioned to capitalise on any turnaround in global demand conditions over the course of 2024.

HCOB Germany Manufacturing PMI Export Conditions Index

sa, >50 = improvement since previous month



Sources: HCOB, S&P Global PMI.

New export orders

The HCOB Germany Manufacturing PMI New Export Orders Index is a monthly indicator of export sales. We examine trends across four key sub-sectors: Chemicals, Consumer Non-cyclicals, Automobiles & Auto Parts, and Machinery & Equipment.

October data indicated that Germany's downturn in export orders was part of a global pattern of weaker international trade flows. The vast majority of national and regional Manufacturing PMIs pointed to lower export sales during the latest survey period, with India, the Philippines and Vietnam the main exceptions. Goods producers in these nations often commented on a boost from international supply chain diversification and subsequent increases in foreign direct investment.

New sub-sector data indicated that German export weakness was centred on producers of Machinery & Equipment, with sales falling rapidly amid subdued business investment spending among clients and a general reluctance to commit to big-ticket projects. Automotive & Auto Parts also struggled after there were signs of recovery in the spring, with export orders now falling at one of the quickest rates in the past ten years.

Chemicals producers meanwhile saw the slowest fall since mid-2022 as demand for primary materials showed signs of stabilising. This illustrated an encouraging turnaround after it began the year as the worst-performing category, due to a combination of escalating costs, softer demand and overstocked customers.

Consumer Non-cyclicals retained its position as the best-performing export segment, helped by resilient spending on household

essentials. This sub-sector has topped the rankings so far in the second half of 2023, but it remains in contraction territory overall.

The next HCOB Germany PMI Export Conditions Index will be released at 10:00 (CET) on 12th December 2023.

-Ends-

Contact

Hamburg Commercial Bank AG

Dr. Cyrus de la Rubia
Chief Economist
T: +49-160-9018-0792
cyrus.delarubia@hcob-bank.com

Katrin Steinbacher
Head of Press Office
Senior Vice President
T: +49-40-3333-11130
katrin.steinbacher@hcob-bank.com

S&P Global Market Intelligence

Tim Moore
Economics Director
T: +44-149-146-1067
tim.moore@spglobal.com

Sabrina Mayeen
Corporate Communications
T: +44-796-744-7030
sabrina.mayeen@spglobal.com

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 be 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.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2023 S&P Global Ltd. All rights reserved. www.spglobal.com

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.

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, [click here](#).

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.