

S&P Global Flash Germany PMI[®]

German PMI slips deeper into contraction territory in June, whilst inflationary pressures soften

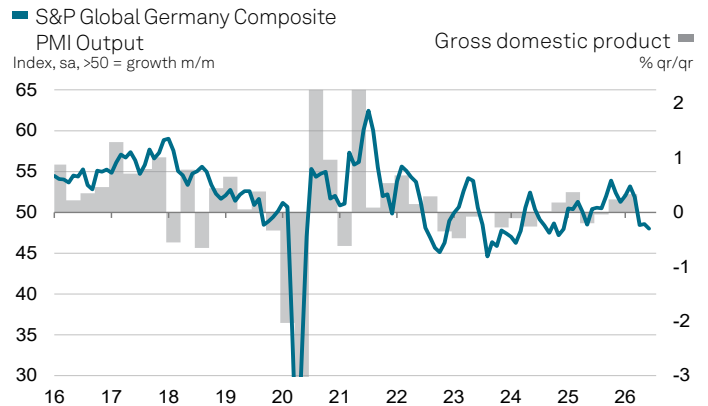
June 2026

Flash Germany PMI Composite Output Index: 48.0 (May: 48.8). 18-month low.

Flash Germany Services PMI Business Activity Index: 46.8 (May: 48.1). 43-month low.

Flash Germany Manufacturing Output Index: 50.8 (May: 50.4). 2-month high.

Flash Germany Manufacturing PMI: 50.0 (May: 50.1). 5-month low.



Data were collected 11-19 June 2026.

Sources: S&P Global PMI, Destatis via S&P Global Market Intelligence. © 2026 S&P Global

The latest 'flash' S&P Global PMI[®] survey showed a third straight monthly decrease in German business activity in June, with the rate of contraction quickening slightly to the fastest seen for a year-and-a-half. The downturn reflected weakness in underlying demand and contributed to further job losses across the private sector.

Elsewhere, the latest data indicated a softening of inflationary pressures, with rates of input cost and output price inflation easing to their lowest in four and three months respectively at the end of the second quarter.

The S&P Global Flash Germany Composite PMI Output Index registered 48.0 in June, down from 48.8 in May. The latest reading was the lowest recorded since December 2024 and indicated a moderate rate of decline in business activity. As has been the case throughout the current three-month sequence of contraction, the latest decrease in activity was centred on the service sector, which recorded its worst performance in over three-and-a-half years in June (index at 46.8). Manufacturing output meanwhile posted a modest rise, with the rate of growth picking up slightly from the month before (index at 50.8).

June saw inflows of new business fall for the fourth month in a row and to the greatest extent since December 2024. New business in the service sector declined at the sharpest rate for almost two-and-a-half years, partly linked by panellists to deteriorating economic conditions and market uncertainty. In contrast, there was a fractional uptick in manufacturing new orders, with similar results also recorded for new export business.

A further broad-based decrease in backlogs of work in June pointed to a general lack of pressure on capacity among German businesses. As such, the latest data indicated

Comment

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

"The good news is that inflationary pressures have started to ease off, with input costs rising at their slowest rate since just before the outbreak of the war in the Middle East, although still steeply by historical standards. The bad news is that business activity has fallen for a third month running and at the quickest rate in this sequence, thereby further increasing the likelihood of the economy having slipped back into contraction in the second quarter.

"The service sector continues to act as a notable drag on the economy, seeing rates of decline in both business activity and new work gather pace in June. We are yet to see any noticeable fallout from the Middle East war on the German labour market, with the rate of job losses have been largely steady throughout 2026 so far, but a sustained decrease in employment nevertheless represents a further headwind to demand for the more domestic-oriented service sector."

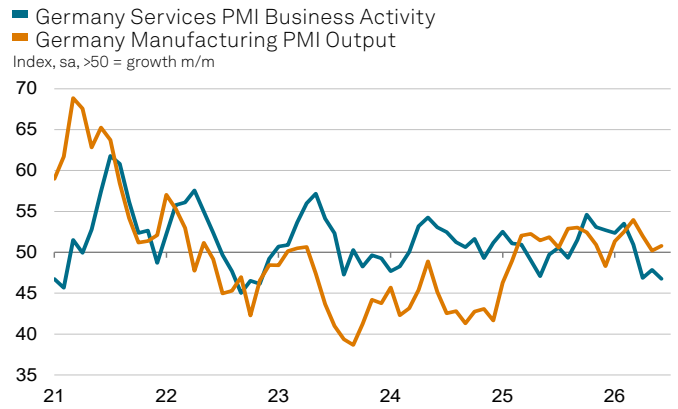
further job losses, thereby extending the current sequence of staff retrenchment that began in mid-2024. The pace at which employment fell was unchanged from the previous survey period.

On the price front, latest data showed a noticeable slowdown in the rate of increase in businesses' input costs from a 42-month high in May to the weakest for four months in June. Cost inflation moderated in both the manufacturing and service sectors, although it remained elevated by historical standards in both cases, particularly in the former.

With cost pressures easing at the end of the second quarter, firms were generally less aggressive with their own price increases. Average charges for goods and services rose at the slowest rate for three months in June, but one that was still firmly above the long-run average.

Looking ahead, June's flash data indicated a slight weakening of overall business expectations towards output in the next 12 months, taking sentiment further below its long-run trend level. After rebounding in May, confidence in the service sector retreated slightly, although it remained comfortably above April's recent low. Expectations among manufacturers meanwhile edged higher for the second month running, albeit remaining historically subdued and weaker than recorded in the service sector.

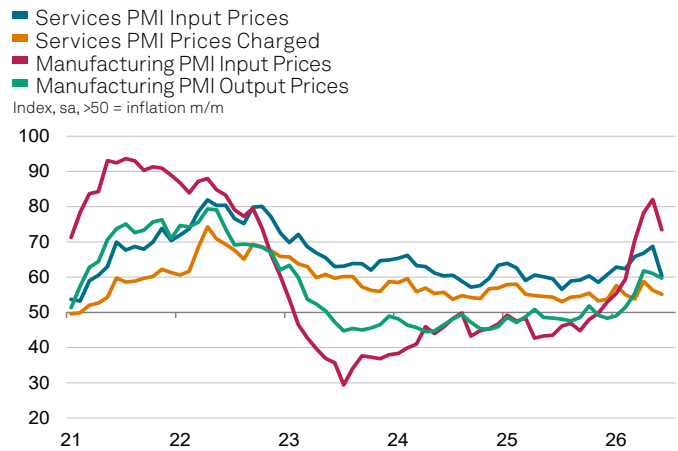
Most of the responses used in the calculation of the June flash PMI data were received prior to the signing of the memorandum of understanding for a cessation of hostilities between the US and Iran on June 17th.



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



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Methodology

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

The S&P Global Flash Germany Composite PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 400 manufacturers and 400 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing 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.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

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Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.0 (absolute difference 0.4)

Services Business Activity Index = -0.1 (absolute difference 0.6)

Manufacturing PMI = 0.0 (absolute difference 0.3)

S&P Global 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 S&P Global.

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

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