

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Germany Manufacturing PMI®

PMI points to a lack of dynamism in manufacturing sector

Key findings:

HCOB Germany Manufacturing PMI at 49.6 (Sep: 49.5). 2-month high.

HCOB Germany Manufacturing PMI Output Index at 52.4 (Sep: 53.0). 3-month low.

Output prices rise for first time in six months

Data were collected 9-24 October 2025.

Germany's manufacturing sector continued to lack dynamism as the fourth quarter got underway, according to the latest HCOB PMI® survey. A further, albeit slower, increase in output was seen alongside a slight uptick in new orders. However, business expectations extended their recent slide to fall to the lowest so far this year, while workforce numbers were cut once again.

Buying levels were also pared back as firms looked to run down stocks, but lead times on purchases nevertheless increased for the second month running.

The latest data did however show a modest rise in prices charged by German goods producers, to end a five-month run of decline.

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 – registered 49.6 in October, showing little change from September's 49.5. The headline PMI was kept below the neutral 50.0 threshold by its employment and stocks of purchases components, with output, new orders and supplier delivery times each having a positive influence.

German manufacturers recorded higher production volumes for the eighth month in a row in October. The rate of expansion ticked down from September's 42-month high and was moderate in the context of the long-run average. The upturn in output continued to be driven mainly by the investment goods segment, underlying data showed.

Inflows of new orders across the German manufacturing sector rose fractionally at the start of the fourth quarter, after falling in September for the first time in four months. This was despite a slight reduction in export sales, the third in as many months.

Backlogged orders fell once again during October, in line with the trend observed in each month since mid-2022. That said, the rate of depletion was only modest and among the weakest recorded in the current sequence of decline.

With latest data continuing to show a lack of pressure on capacity at manufacturers, factory employment was scaled back further during October. The rate at which workforce numbers fell was solid and little-changed from that recorded in September.

October meanwhile saw a third straight monthly reduction in purchasing activity among German manufacturers. According to anecdotal evidence, this often reflected attempts to run down stocks of inputs, which decreased at a solid and accelerated rate at the start of the fourth quarter. Post-production inventories likewise fell at a quicker pace.

After lengthening for the first time in almost three years in September, average supplier delivery times increased again in October. The deterioration in vendor performance was slightly more marked than the month before, although it was still only modest overall.

Despite signs of supply chain pressures building, German manufacturers recorded a further reduction in purchase prices in October. The rate of decline was, however, the weakest for seven months.

Average prices charged by German goods producers, on the other hand, showed a renewed rise in October. The increase was modest, but it was only the second recorded in over two years and the steepest since April 2023.

As for the outlook, German manufacturers' optimism towards growth prospects in the year ahead waned to the lowest since December last year. While some firms were hopeful of a pick-up in economic conditions, others voiced concerns about falling backlogs of work.

Comment

Commenting on the PMI data, Nils Müller Junior Economist at Hamburg Commercial Bank, said:

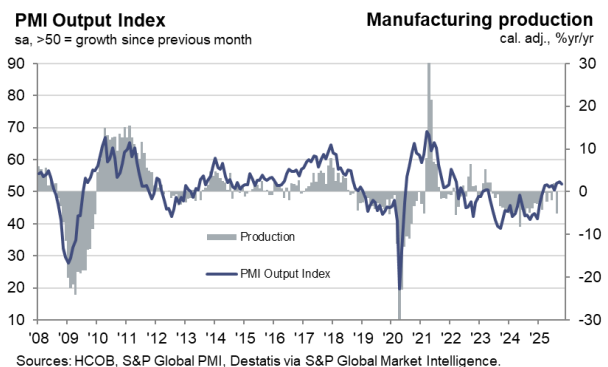
"Germany's manufacturing sector continued to tread water in October, with the headline PMI inching up to 49.6 from 49.5 in September, remaining just below the crucial 50.0 threshold that separates expansion from contraction. While output rose for the eighth consecutive month, this latest upturn was driven primarily by the investment goods segment, suggesting that the recovery remains fragile.

"A lack of demand and persistent uncertainty weighed on the broader sector. New orders returned to marginal growth, driven by demand for investment goods, yet export sales continued to decline, particularly to Asia and the US, according to surveyed firms. Manufacturers cited customer caution, US tariffs, and a sluggish construction sector as factors weighing on demand. Employment fell again, extending the sequence of job shedding to 28 months, as firms responded to subdued capacity pressures and maintained hiring freezes.

"Purchasing activity was scaled back again, and inventories of both inputs and finished goods were reduced at a faster pace. Interestingly, supplier delivery times lengthened for the second month in a row, hinting at emerging supply chain frictions. Purchasing costs continued to fall in October, extending the current deflationary trend that began in early 2023. Meanwhile, output prices rose modestly – only the second increase in over two years – with the uptick driven primarily by the consumer goods segment.

"Overall, the outlook for Germany's industrial sector remains fragile. Manufacturers' expectations for future output deteriorated further, falling to the lowest level since December last year. While some firms remain hopeful about improving economic conditions and new product launches, concerns over falling backlogs and elevated costs are weighing on sentiment."

-Ends-



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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 88% 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

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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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