News Release
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S&P Global Germany Services PMI®

Service sector contracts in April amid rising inflation and uncertainty

April 2026

Business activity falls at quickest rate for nearly three-and-a-half years

Confidence slumps amid deepening downturn in demand

Output price inflation jumps to 26-month high

Germany's service sector saw business activity fall for the first time in eight months in April, according to the latest PMI® survey results. The downturn reflected a further squeeze on demand as firms recorded rising inflationary pressures and elevated uncertainty associated with the ongoing war in the Middle East.

The headline S&P Global Germany Services PMI® Business Activity Index is based on a single question asking how the level of business activity compares with the situation the month before.

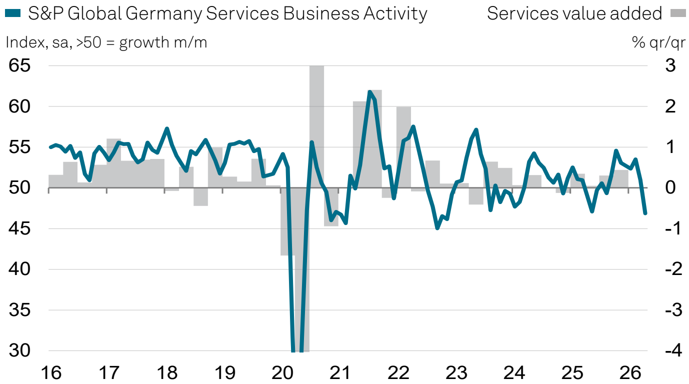
A reading above 50.0 signals expansion, and the further above 50.0 the faster the rate of growth signalled.

The headline Business Activity Index came in at 46.9 in April, down from 50.9 in March and registering in sub-50 contraction territory for the first time since August last year. Moreover, the latest reading signalled the fastest rate of decline in business activity since November 2022.

Where a decrease was recorded, firms cited the effects of the Middle East war and remarked on an associated reduction in intakes of new work. April's reduction in new business was the second in as many months and the sharpest recorded since January 2024. The accelerated rate of decline partly reflected growing weakness in export sales, which posted the steepest drop in seven months.

In a sign of decreasing capacity utilisation in the sector, German service providers recorded a marked and accelerated decrease in outstanding business (i.e. orders or projects awaiting completion) in April. The rate of depletion was the quickest recorded for eight months. This was despite services firms scaling back workforce numbers for a fourth straight month, and at a slightly quicker rate than that recorded in March. Surveyed companies remarked not only on the non-replacement of leavers, but also layoffs in some cases.

Firms streamlined workforces against a backdrop of sharply rising cost pressures. April saw the rate of input price inflation in the German service sector rise for the second month running to a three-year high. Qualitative evidence



Data were collected 9-27 April 2026.
Sources: S&P Global PMI, Destatis via S&P Global Market Intelligence. © 2026 S&P Global

Comment

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

"The chances of the German economy contracting in the second quarter have now risen after a slump in services business activity in April. Unlike the manufacturing sector, which has been supported to an extent by stockbuilding efforts, the services economy has felt the immediate effects of the Middle East war on demand and has seen its steepest drop in activity in nearly three-and-a-half years.

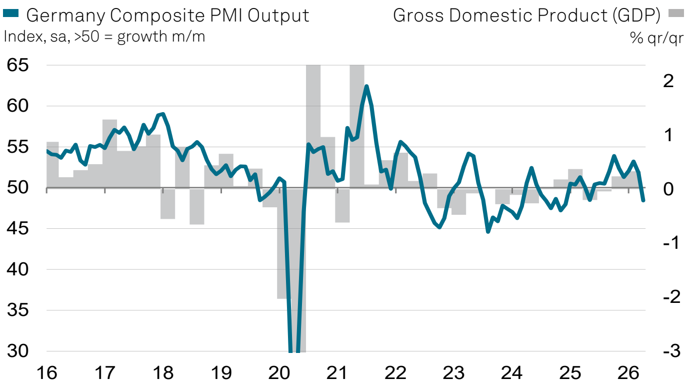
"Services firms have grown increasingly nervous about the outlook as rising energy prices drive up inflation and squeeze spending power across the economy.

"After refraining from stronger price increases in March, which perhaps reflected initial hopes that the conflict and any associated disruption would be short-lived, services firms have started to be more aggressive with their price setting, as shown by a jump in the rate of output charge inflation to its highest in over two years. That said, it's worth noting that, according to underlying data, a large chunk of the uptick reflected a steep rise in prices charged in the transportation sector, which has been the most exposed to the rise in fuel prices."

gathered from survey responses showed that energy, fuel and wages were the main drivers of the increase in operating expenses.

The rate of output price inflation in the service sector meanwhile rebounded sharply from a three-month low in March to its highest in over two years, as more businesses looked to pass on some of the burden of higher costs to customers. Underlying data showed that the transportation sector recorded by far the steepest rise in average output prices.

Looking ahead, German service providers recorded another notable drop in their expectations towards activity in the coming 12 months. Confidence sank to its lowest level in over two-and-a-half years, with optimists barely outweighing pessimists. Companies expected higher energy costs, rising inflation generally and weak sentiment to act as headwinds to demand in the months ahead.



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

S&P Global Germany Composite PMI®

Private sector activity slips into contraction in April

Falling from 51.9 in March to 48.4 in April, the S&P Global Germany Composite* PMI Output Index moved back into sub-50 contraction territory for the first time in almost a year.

The downturn was the driven by the service sector, with manufacturing recording further – albeit slower – growth in production. It was a similar story for new business, which fell to the greatest extent since May last year due to weaker demand for services.

Employment and business expectations fell in both sectors, led by declines in manufacturing, while there were broad-based upticks in rates of input cost and output price inflation.

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Methodology

The S&P Global Germany Services PMI® is compiled by S&P Global from responses to questionnaires sent to a panel of around 400 service sector companies.

The sectors covered include consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services. The panel is stratified by detailed sector and company workforce size, based on contributions to GDP. Data collection began in June 1997.

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 Services Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity compared with one month previously. The Services 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 figure.

The Composite Output Index is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. The weights reflect the relative size of the manufacturing and service sectors according to official GDP data. The Composite Output Index may be referred to as the 'Composite PMI' but is not comparable with the headline manufacturing PMI figure.

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.

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