

S&P Global Flash Germany PMI[®]

Business activity falls again and job cuts deepen as firms come under increasing pressure from rising costs

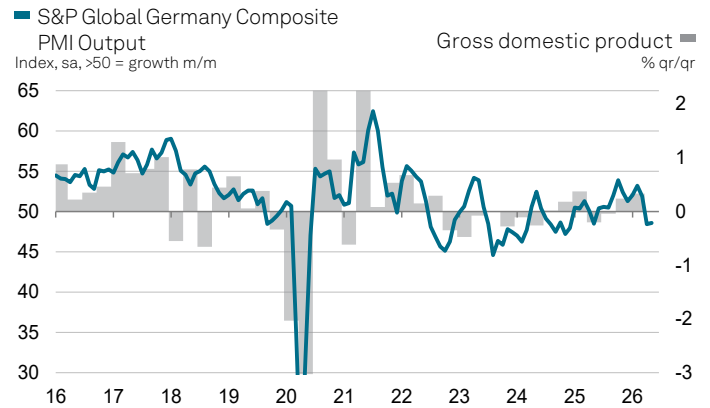
May 2026

Flash Germany PMI Composite Output Index: 48.6 (Apr: 48.4). 2-month high.

Flash Germany Services PMI Business Activity Index: 47.8 (Apr: 46.9). 2-month high.

Flash Germany Manufacturing Output Index: 50.2 (Apr: 52.0). 5-month low.

Flash Germany Manufacturing PMI: 49.9 (Apr: 51.4). 4-month low.



Data were collected 12-19 May 2026.

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

Business activity fell for a second consecutive month across the German private sector economy in May amid a backdrop of weakening demand and elevated inflationary pressures, the latest 'flash' S&P Global PMI[®] survey showed. The downturn continued to be led by the service sector, although there was a stalling of the manufacturing sector as factory orders fell back into decline.

Firms reported a further intensification of cost pressures midway through the second quarter, with manufacturers and services firms alike facing accelerating rates of input price inflation. Average prices charged by businesses rose steeply again but more slowly than in the previous month, pointing to a squeeze on margins. The pace of job losses across the eurozone's largest economy meanwhile gathered pace, despite business expectations showing a partial rebound from April's low.

The S&P Global Flash Germany Composite PMI Output Index came in at 48.6 in May, little-changed from April's reading of 48.4 and once again signalling a moderate rate of contraction. The decline was centred on the service sector, where business activity decreased for the second straight month, albeit at a slower pace than that seen in April (index at 47.8). Factory output meanwhile recorded only a fractional rise that was the weakest in the current sequence of growth that began at the start of the year (index at 50.2).

Businesses reported a reduction in demand for goods and services in May, citing hesitancy among customers due to heightened levels of economic and geopolitical uncertainty as well as a squeeze on spending power from rising prices. For service providers, it was the third decrease in new business in as many months. Manufacturing new orders meanwhile recorded their first decline since December last

Comment

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

"With the 'flash' PMI data for May signalling a second consecutive monthly decrease in business activity, the German economy is on course to contract in the second quarter of the year. In manufacturing, the boost that we saw from efforts to build stocks and get ahead of price increases and supply shortages appears to be fizzling out, with the latest data showing a renewed drop in new orders and a near-stalling of output growth.

"The disruption from the effective closure of the Strait of Hormuz continues to filter through to prices, with input cost inflation showing a further acceleration due to the knock-on effects of higher energy prices and supply shortages.

"Although input cost inflation has continued accelerating, slower rises in both manufacturing and services output prices point to businesses shouldering a greater proportion of the burden. This suggests some containment of inflationary pressures, but it also hints at an increased squeeze on company margins which has consequences of its own, not least for the labour market as firms look to mitigate spiralling costs. Employment fell at the quickest rate for over a year-and-a-half in May, led by deep cuts to manufacturing workforce numbers."

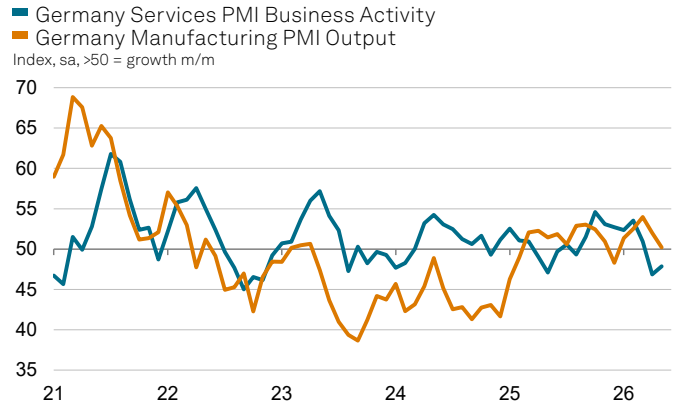
year. In both sectors, firms reported lower inflows of new business from abroad.

Turning to prices, latest data showed a further acceleration in the rate of input cost inflation to the quickest for three-and-a-half years. This reflected faster increases in both the manufacturing and service sectors, with the former continuing to record by far the steeper rate of inflation. Goods producers noted the increased cost of commodities, energy, fuel and transportation, with supply shortages adding to cost pressure. May saw lead times on purchases lengthen for the ninth month running, and to the greatest extent since June 2022.

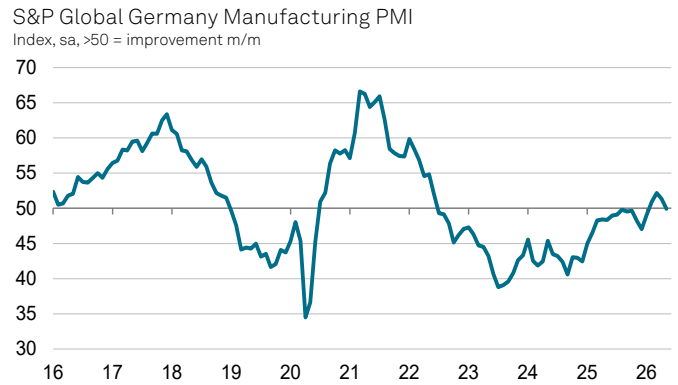
Despite facing spiralling costs, firms were generally less aggressive with their price increases in May. The overall rate of output price inflation, although still well above its long-run average, ticked down from April's 37-month high, reflecting slower increases in charges set by both manufacturers and services firms.

A combination of weaker demand and cost-saving measures led to further job losses across the German private sector at the midway point of the second quarter. Furthermore, the pace of staff retrenchment accelerated to the quickest seen for over a year-and-a-half. Employment fell at faster rates in both monitored sectors, although it was manufacturing that recorded by far the sharper drop in payroll numbers. The latest round of staff shedding coincided with signs of declining capacity utilisation, as evidenced by a marked and accelerated reduction in backlogs of work.

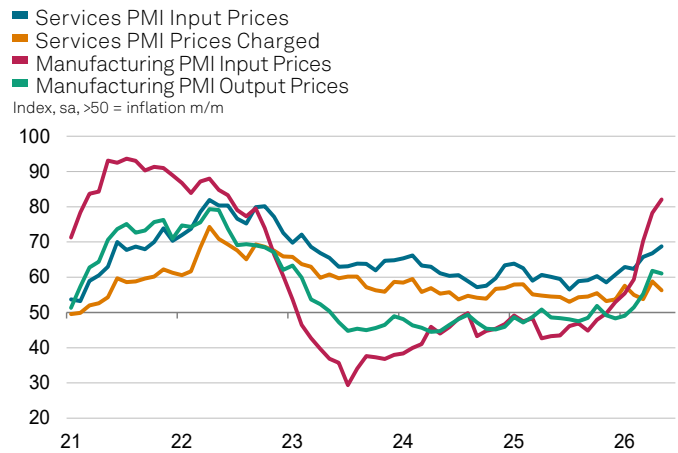
Lastly, May's flash results indicated a partial rebound in businesses' expectations for activity over the coming year. After hitting a 19-month low in April, sentiment ticked up due to improvements in both manufacturing and services, although it was still at the second-lowest level in over a year and comfortably below the long-run series average.



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Methodology

Final May data are published on 1 June for manufacturing and 3 June 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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