

# News Release

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## S&P Global Germany Business Outlook

### Growth forecasts improved prior to the outbreak of war in the Middle East, but investment intentions remained subdued

#### Key findings

Business activity expectations highest since February 2022, led by stronger manufacturing optimism

Hiring intentions turn positive, but investment forecasts remain in negative territory

Wage expectations rise to highest for a year and move further above eurozone average

February's S&P Global Business Outlook survey showed that growth forecasts among German companies improved since late last year, but it also indicated a continued reluctance towards investment spending across the country's private sector. Hiring intentions meanwhile turned positive, although they were subdued by historical standards as firms reported expectations of strong wage pressures in the year ahead. As for inflation, overall predictions for prices charged were unchanged since last October and remained just above the long-run average.

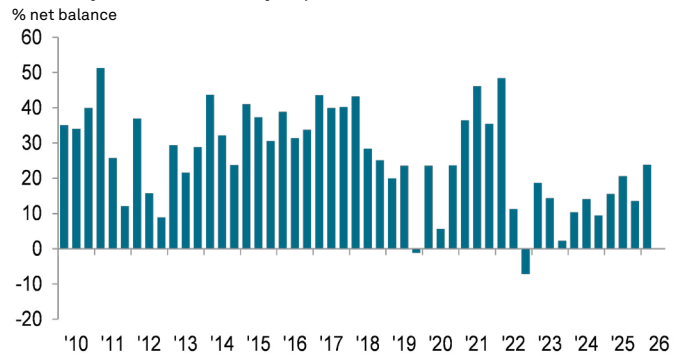
The latest survey was conducted between the 10th and 24th February, and therefore the results were calculated prior to the outbreak of war in the Middle East.

The net balance of German firms anticipating a rise in business activity over the next 12 months was +24% in February. This was a noticeable improvement from the +14% recorded in the previous outlook survey conducted in October 2025. It was the highest reading since February 2022 and matched the eurozone average.

The increase in confidence was led by the manufacturing sector (net balance of +30%, from +14%), where firms reported plans for entry into new markets, alongside opportunities in innovation, product development, automation and the implementation of artificial intelligence (AI). Increased government investment in defence and infrastructure was also expected to provide a tailwind to growth. In services, there was a smaller – but still notable – improvement in sentiment (net balance of +21% in February, from +13%).

Despite the improvement, growth expectations in Germany remained below the long-run average. This partly reflected concerns about the strength of any economic upturn. In terms of other challenges for the next 12 months, businesses often cited high cost pressures, tariffs and geopolitical uncertainty.

Germany Business Activity expectations



Source: S&P Global PMI.

Data were collected 10-24 February 2026.

#### Comment

Commenting on the Germany Business Outlook survey data, Phil Smith, Economics Associate Director at S&P Global Market Intelligence, said:

"On the back of a pick-up in momentum in the economy in recent months, as highlighted by the PMI surveys, February's Business Outlook showed increased confidence among German firms about growth prospects. However, it has to be noted that the latest survey was conducted before the outbreak of war in the Middle East, which potentially poses new risks, not least to inflation.

"Whilst hiring intentions were shown to have improved in Germany, the gap between the net balances for business activity and employment was the widest in 12 years, in a sign that firms are trying to boost labour productivity. This probably has a lot to do with concerns over elevated input prices, particularly wages, with expectations for staff costs rebounding to their highest for a year.

"Despite the government's efforts to boost private sector investment, the latest business outlook data still show a reluctance among German firms to increase capex and R&D spending, with the respective net balances remaining in negative territory."

## Employment expected to rise slightly, but capex set to fall

In a reversal of the situation last October, the number of businesses expecting an increase in employment slightly exceeded those anticipating a decline. The resulting net balance of +4 (from -4%) remained below the long-run average (+12%), however, and also signalled weaker hiring intentions in Germany than across the eurozone as a whole (+7%). Whilst German services firms showed plans to increase workforce numbers (+8%), registering their strongest employment expectations since mid-2024, their manufacturing counterparts remained pessimistic towards the jobs outlook, albeit less so than last October (net balance of -4%, from -16%).

Firms in Germany predicted a reduction in capital expenditure (capex) over the next 12 months. The respective net balance ticked up slightly from -9% to -6% in February, as sentiment in manufacturing turned from negative to neutral, but it failed to recover to last June's recent peak (+2) and remained below the long-run average (+5%).

Expectations towards future research & development spending (R&D) remained just inside negative territory in February (net balance at -1%, from -3%). Goods producers anticipated no change in R&D spending in the coming year, whereas services forecast a slight decline.

## Firms' output price forecasts unchanged despite rebound in wage expectations

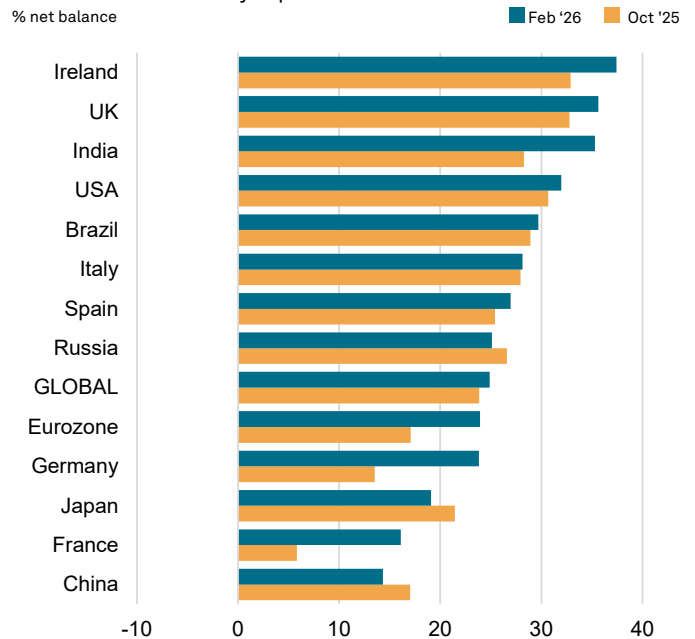
After having eased to their lowest for almost four-and-a-half years last October, firms' expectations towards staff costs rebounded to their highest level for a year in February. The respective net balance jumped from +51% to +58%, coming in comfortably above the eurozone average of +43%. Manufacturers and service providers alike revised up their forecasts for wage growth in the next 12 months.

The net balance of firms predicting an increase in non-staff costs was meanwhile unchanged from the previous survey period, at +42%. This exceeded the long-run average of +30%. Firms' expectations for output prices were also in line those recorded last October. Stronger anticipated pricing power in manufacturing (+21% from +16%) was offset by a slight reduction in confidence in the service sector (+27% from +29%), leaving the overall net balance at +25% versus a long-run average +20%.

## Profit outlook in manufacturing turns positive for first time since mid-2021

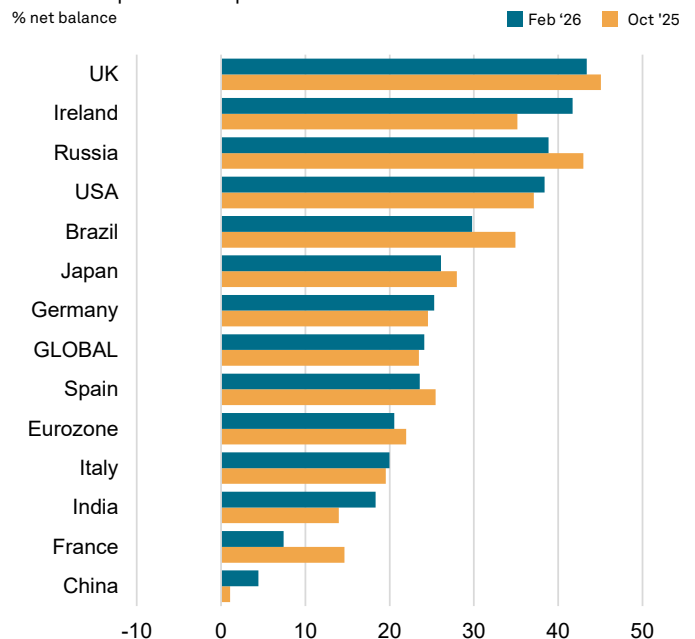
A healthier outlook for production help lift profit forecasts across the German manufacturing sector in February. For the first time since June 2021, goods producers expected an increase in profitability over the next 12 months. Sentiment remained negative in services, albeit less so than last October, which resulted in a neutral net balance for the two sectors combined. This compared with a net balance of +5% for the eurozone as a whole.

Global Business Activity expectations  
% net balance



Source: S&P Global PMI.

Global Output Price expectations  
% net balance



Source: S&P Global PMI.

Full data available on request from [economics@spglobal.com](mailto:economics@spglobal.com).

## Survey methodology

The Global Business Outlook Survey for worldwide manufacturing and services is produced by S&P Global and is based on a survey of around 12,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October.

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that S&P Global operates. This methodology seeks to ensure harmonization of data and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0 signalling a neutral outlook for the coming 12 months. Values above 0 indicate optimism amongst companies regarding the outlook for the coming 12 months while values below 0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 12,000 manufacturing and services companies spread across the global economy\*. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 7,800 firms.

*\* The countries with manufacturing and service sector surveys are Brazil, China, France, Germany, India, Italy, Japan, Russia, Spain, the Republic of Ireland, the UK and the USA. Manufacturing data are collected for the Netherlands, Austria, Greece, Poland and the Czech Republic.*

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