

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Flash Germany PMI®

### German economy grows at fastest rate for six months in February

**Key findings:**

- Flash Germany PMI Composite Output Index<sup>(1)</sup> at 56.2 (Jan: 53.8). 6-month high.
- Flash Germany Services PMI Activity Index<sup>(2)</sup> at 56.6 (Jan: 52.2). 6-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 55.4 (Jan: 57.0). 2-month low.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 58.5 (Jan: 59.8). 2-month low.

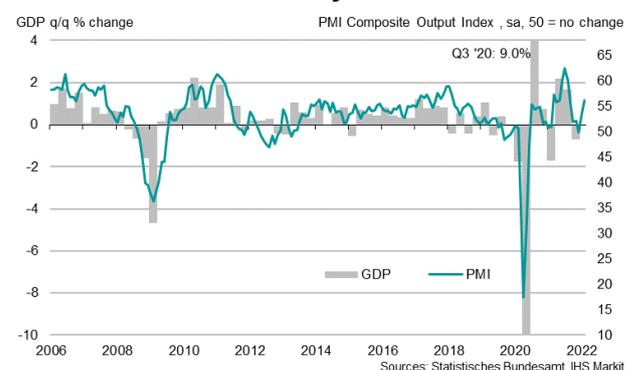
Data collected February 10-17

Latest 'flash' PMI® data from IHS Markit showed business activity across Germany's private sector growing at the fastest rate for six months in February, amid signs of improving demand even despite a fresh wave of infections linked to the Omicron variant. Inflationary pressures in the economy meanwhile remained elevated, with average prices charged for goods and services rising at a near-record rate during the month.

The headline **Flash Germany PMI Composite Output Index** registered 56.2 in February, up from January's 53.8 and pointing to the strongest growth in private sector activity for six months. The uptick in the index owed exclusively to a faster rise service sector business activity – the quickest seen since last August. Goods production also increased, though the rate of growth here eased since January amid reports from some surveyed firms of output having been constrained by staff absences linked to COVID.

By contrast, the rate of expansion in manufacturing **new orders** quickened for the second month in a row to the fastest overall since last August. Data also indicated a sustained improvement in demand across the service sector following the downturn at the end of last year, with inflows of new business

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rising for the second month running and at the quickest rate since last September.

**Export** demand remained strong in February, with overall new business from export markets rising at the fastest rate in four months. This was supported by further strong growth in manufacturing exports, and the first rise in international services new business since last October.

The rate of growth in **backlogs of work** across the private sector accelerated for the third straight month to the quickest since last September. Both sectors registered faster growth in outstanding business than in January, with manufacturers again recording a much steeper increase than service providers.

Private sector **employment** rose for the fourteenth successive month in February, and at a rate that remained well above the historical series average. Workforce growth eased slightly at service providers, but remained solid, while manufacturers added jobs at the strongest rate since last July.

February data signalled the strongest **expectations** towards future activity for eight months. In contrast to January, the increase in overall business confidence

in the latest month owed exclusively to the services sector, where growth projections for the year ahead were the most positive since last June. Manufacturing output expectations meanwhile ticked down slightly from January's seven-month high but remained comfortably higher than the long-run average.

Strong price pressures remained a theme in February. The overall rate of **input cost inflation** was little-changed from December and January and stronger than in any month prior to last June. The service sector recorded a further intensification of cost pressures, with energy, fuel, wages and materials all cited as sources of input price inflation. The rate of increase in manufacturing purchase prices meanwhile slipped to a 12-month low, but remained well above the long-run survey average.

In terms of **output prices**, the rate of inflation in February was the second-strongest on record, below only that recorded in November last year. Service providers hiked their charges at the second-fastest rate to date, while manufacturing output price inflation was unchanged on January and the joint-fourth highest on record.

In terms of manufacturing **supply** chains, average lead times lengthened in February to the weakest extent since November 2020, in a further sign that bottlenecks were easing. Firms continued to build safety stocks, but the rate of growth in input inventories eased to a four-month low.

Commenting on the flash PMI data, **Phil Smith**, Economics Associate Director, at IHS Markit said:

*"The German economy continued to regain momentum in February following December's brief stagnation in output growth. Overall activity rose the most since last August, driven this time by the services sector as manufacturing production increased more slowly than in January, when it had provided the main impetus.*

*"Although goods production rose at a softer pace, data on new orders showed the fastest rise in six months. Moreover, supply chain pressures appeared to ease further as average lead times lengthened to the least extent since November 2020.*

*"Inflationary pressures remained strong, however. Overall input prices rose at a similar rate as at the turn of the year, despite the slowest rate of inflation in manufacturing for a year. Meanwhile, prices charged for goods and services increased at the second-fastest rate on record."*

-Ends-

**For further information, please contact:**

**IHS Markit**

Phil Smith, Associate Director  
 Telephone +44-1491-461-009  
 Email: [phil.smith@ihsmarkit.com](mailto:phil.smith@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
 Telephone +44-207-260-2234  
 Email: [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Note to Editors:**

Final February data are published on 1 March for manufacturing and 3 March for services and composite indicators.

The Germany PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 800 companies based in the German manufacturing and service sectors. The flash estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Germany Composite Output Index <sup>1</sup>	0.0	0.4
Germany Manufacturing PMI <sup>3</sup>	0.0	0.3
Germany Services Business Activity Index <sup>2</sup>	-0.1	0.6

The *Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. PMI<sup>®</sup> surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

IHS Markit 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**Notes**

1. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing PMI is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

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Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) 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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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