

## MARKET SENSITIVE INFORMATION

Embargoed until 0930 CEST (0730 UTC) 23 June 2022

## S&P Global Flash Germany PMI®

### Falling exports and strong inflation taking a toll on German economy, with outlook looking increasingly gloomy

#### Key findings:

Flash Germany PMI Composite Output Index<sup>(1)</sup> at 51.3 (May: 53.7). 6-month low.

Flash Germany Services PMI Activity Index<sup>(2)</sup> at 52.4 (May: 55.0). 5-month low.

Flash Germany Manufacturing Output Index<sup>(4)</sup> at 49.0 (May: 51.2). 2-month low.

Flash Germany Manufacturing PMI<sup>(3)</sup> at 52.0 (May: 54.8). 23-month low.

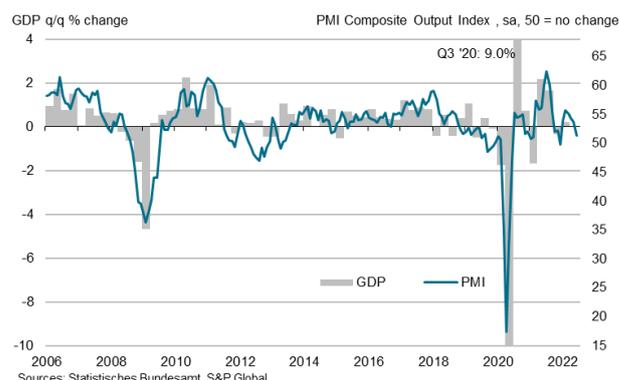
Data were collected 13-21 June

Latest 'flash' PMI® data from S&P Global showed a sharp loss of momentum in the German economy at the end of the second quarter. Falling exports acted as a drag, while there were also signs of domestic demand coming under pressure from heightened economic uncertainty and sustained strong inflation. Firms' expectations towards future activity slumped to their lowest since the first wave of the COVID pandemic over two years ago, with manufacturers growing increasingly pessimistic about the outlook.

The headline **S&P Global Flash Germany PMI Composite Output Index** fell for the fourth month in a row in June, signalling a sustained loss of momentum in the private sector economy. At 51.3, the latest reading was down from 53.7 in May and the lowest since the fourth wave of the COVID pandemic in December last year. Services growth slowed to a five-month low (index at 52.4) amid a waning of demand and some reports of staff shortages, while manufacturing output contracted for the second time in the past three months (index at 49.0).

Output of goods and services was supported somewhat by work on backlogs, masking an even weaker trend in **inflows of new business**. Overall new orders fell for the first time this year and to the greatest extent since June 2020. Services firms saw a first – albeit marginal – drop in new work for six months, attributing this to a growing reluctance among clients and price increases. However, the main drag came from manufacturing, where firms recorded a steep and accelerated decline in new orders that was the sharpest for two years. Goods export demand fell markedly, with firms commenting on the impact

#### S&P Global Flash Germany PMI Composite Output Index



of the war in Ukraine, disruption to business in China, elevated prices and high stock levels among customers.

June's flash data showed sharp increases in both **pre- and post-production inventories** held by German manufacturers. The latter rose to the greatest extent since the initial COVID-related disruption two years ago, amid reports of the postponement or cancellation of orders. Supply bottlenecks continued to lead manufacturers to keep higher stocks of materials and components. That said, the incidence of **delivery delays** did ease slightly to the lowest since February.

Although manufacturing **input prices** continued to rise sharply during June, the rate of increase retreated further from last year's highs to the lowest for 16 months in line with a slight easing of supply chain pressures. By contrast, service sector operating expenses posted a record rise at the end of the second quarter, with energy, fuel, wages and higher borrowing costs all highlighted as sources of cost pressure. This saw the overall rate of input price inflation tick up to the second-highest on record, just behind April's peak.

**Average prices charged for goods and services**, on the other hand, rose at a slower rate in June. Although still among the quickest in the series history, the rate of inflation eased for a second straight month to the lowest since March. Slower rises in output prices were recorded across both monitored sectors.

Looking ahead, German businesses reported their lowest confidence towards **future activity** for over two years in

# News Release

June. The decline in expectations owed exclusively to the manufacturing sector, where sentiment turned increasingly negative over concerns about falling demand, persistently high inflation and continued supply disruption. Services expectations were little-changed from the previous month, but remained subdued by historical standards.

Finally, June's flash survey showed a slowdown in the pace of job creation across Germany's private sector. The latest rise in employment was the weakest for 15 months, with both manufacturers and services firms recording softer rates of workforce growth.

## S&P Global Flash Germany Manufacturing PMI

sa, >50 = improvement since previous month



Commenting on the flash PMI data, **Phil Smith**, Economics Associate Director at S&P Global Market Intelligence said:

*“June’s flash PMI data show that Germany’s economy has lost virtually all the momentum gained from the easing of virus related restrictions, with growth in the service sector cooling sharply for the second month in a row in June.*

*“But perhaps the biggest cause for concern is a broad-based decline in demand, with a deepening downturn in manufacturing new orders coinciding with a first fall in service sector new business for six months, as rising prices and elevated levels of uncertainty take a toll. Activity is still being supported to some extent by workloads built up earlier in the year, however.*

*“Price pressures remain historically elevated. However, there are signs that businesses might be finding it increasingly difficult to pass on higher costs to customers, with average prices charged for goods and services rising at the slowest rate for three months despite a quicker increase in input costs that the survey in part linked to rising wage pressures.*

*“Thanks to a particularly grim outlook for the manufacturing sector, business confidence towards future activity is now at its lowest since the first wave of the pandemic two years ago, and we’re seeing this translate into a broad-based slowdown in job creation as companies start to reassess their staffing needs going forward.”*

-Ends-

# News Release

## Contact

### S&P Global Market Intelligence

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

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

## Note to Editors

Final June data are published on 1 July for manufacturing and 5 July for services and composite indicators.

The Germany PMI (Purchasing Managers' Index) is produced by S&P Global 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
Composite Output Index <sup>1</sup>	0.0	0.4
Manufacturing <i>PMI</i> <sup>2</sup>	0.0	0.3
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.

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. 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?"

## S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2022 S&P Global Ltd. All rights reserved. [www.spglobal.com](http://www.spglobal.com)

## About PMI

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>.

If you prefer not to receive news releases from S&P Global, please contact [joanna.vickers@spglobal.com](mailto:joanna.vickers@spglobal.com). To read our privacy policy, [click here](#).

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>®</sup> and *PMI*<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.