

NEWS RELEASE
MARKET SENSITIVE INFORMATION
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HCOB Germany PMI[®] Export Conditions Index

Strongest improvement in export conditions for one year in April

Key findings:

- Export conditions improve for third month running
- Renewed upturn in European export conditions
- Global manufacturing export orders rise for first time since February 2022
- German Chemicals producers signal a return to export sales growth

The headline HCOB Germany Manufacturing PMI[®] Export Conditions Index is a single-figure measure of global macroeconomic conditions on a trade-weighted basis for German manufacturers, with additional series compiled for major world regions and markets. It is constructed from surveys in over 40 countries and regions by S&P Global.

The index is published by Hamburg Commercial Bank as part of a monthly report that is designed to offer unique and timely macroeconomic insights into export performance across the German manufacturing sector.

Comment

Commenting on the report, Dr. Cyrus de la Rubia, Chief Economist at Hamburg Commercial Bank, said:

"Export conditions for the German economy are slowly improving, but the progress is painstakingly slow. The HCOB Germany PMI[®] Export Conditions Index has seen a modest uptick for three consecutive months, reaching a moderate level of 51.2 points. The positive aspect is that this improvement is widespread across key markets, albeit at a moderate pace. Asia, Latin America, the Middle East, and even Europe, with a noteworthy contribution from Southern Europe, are all showing signs of growth. However, North America's growth has softened, further dampening demand for German products.

"The persistent decline in export orders, despite a global environment on a recovery trajectory, raises concerns about underlying structural issues. Many surveyed companies highlighted intense competition as a key factor behind sluggish demand, which can be seen particularly in light of China's evolving role as a competitor rather than just a market for Germany. This dynamic is especially evident in the automotive industry, where German car manufacturers must contend with Chinese electric vehicle makers for price-sensitive customers in both China and other markets. This thesis is supported by the fact that this sector continues to experience the fastest decline in new orders compared to the other sector.

"However, there are some bright spots. The chemicals sector has seen growth in new orders, while the machinery and engineering sector is experiencing a softening in the decline of new orders. The index for this sector has increased for seven consecutive months, edging closer to growth territory.

"Overall, while we expect that German exporters will emerge from the recession this year, the recovery is likely to be subdued compared to past global upturns."

Export conditions

April data indicated the fastest improvement in German manufacturing export conditions for 12 months, supported by renewed economic growth in Europe as well as ongoing expansion in Asia and the United States. The seasonally adjusted **HCOB Germany Manufacturing PMI Export Conditions Index** posted 51.2, up from 51.0 in March and above the neutral 50.0 threshold for the third consecutive month. That said, the latest reading was below its long-run trend (52.3) and signalled only a moderate upturn in overseas economic activity on a trade-weighted basis.

Export conditions across Europe improved for the first time since April 2023 (index at 50.5), reflecting economic expansion in most euro area markets and a sustained recovery in UK private sector output. Greece and Spain were particularly strong performers, with the latter registering the fastest growth for one year.

Asia was the best-performing global region in April (52.8), once again led by steep economic growth in India. Latest data also pointed to improving economic activity in China, Japan and most ASEAN nations. Meanwhile, there was a slight loss of momentum in North America (51.0), with trade-weighted economic growth easing to the weakest so far in 2024.

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sa, >50 = improvement since previous month



New export orders

Despite a continued revival in export conditions, manufacturers in Germany signalled a decline in new work from abroad for the twenty-sixth consecutive month in April. The speed of the downturn in export sales did ease again, however, with the seasonally adjusted HCOB Germany Manufacturing PMI New Export Orders Index rising to 44.5 from 43.1 in March, its highest reading since April 2023. Survey respondents typically cited sluggish customer demand and intense competition in major export markets as the reason for falling export order intakes in April.

The latest fall in manufacturing export orders was similar to that seen in France, Italy and much of central Europe. Greece remained the main outperformer in the euro area, with manufacturers there recording the fastest rise in new work from abroad since November 2021.

Sector data indicated a mixed picture for Germany manufacturing export performance in the three months to April. Automobiles & Auto Parts once again saw by far the steepest fall in new orders from abroad (index at 36.3), which was often attributed to unfavourable market conditions and subdued global demand patterns. Moreover, the latest decline in export sales was the fastest since September 2023.

Consumer Non-cyclicals (41.4) continued to struggle in April, with new orders from abroad falling at a faster pace than across the manufacturing sector as a whole. That said, the latest decline was the slowest so far this year amid some reports that easing inflationary pressures had supported household demand.

Machinery & Equipment also posted a softer pace of contraction in April (46.1). The respective index has recovery considerably after the slump seen in the second half of 2023, with the latest reading the highest since August 2022. Some manufacturers noted a turnaround in demand due to rising investment spending and improved confidence towards the longer-term economic outlook, especially among clients in the US.

Finally, the latest survey pointed to a renewed expansion of export sales across the Chemicals sector (51.1) and the rate of growth was the strongest since January 2022. Greater orders from overseas reflected improving global demand for manufacturing inputs and an end to customer destocking, according to survey respondents.

The next HCOB Germany Manufacturing PMI Export Conditions Index will be released at 10:00 (CEST) on 12th June 2024.

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Note to Editors

The HCOB Germany Manufacturing PMI Export Conditions Index is a seasonally adjusted single-figure indicator of the health of Germany's most important manufacturing export markets. The Index varies between 0 and 100, with a reading above 50 indicating an overall improvement compared to the previous month, and below 50 an overall deterioration.

The index is calculated by weighting together national PMI output indices from S&P Global's PMI surveys. Weights are derived from official trade statistics relating to each nation's contribution to German manufacturing exports. By weighting together the national output indices according to their importance to German manufacturing exports, a single advance indicator for the overall health of Germany's export markets is obtained.

The national output indices are calculated as weighted averages of the Manufacturing PMI Output Index and the Services PMI Business Activity Index where available. Weights are derived from national official statistics on value added by sector. All data are seasonally adjusted.

Underlying national PMI data included in the HCOB Germany Manufacturing PMI Export Conditions Index are not subject to revision. Country weights are updated as new calendar year official trade statistics become available and are used in the index calculation on an as-reported basis. Any changes to country weights are not applied retrospectively (i.e. the historic index is not be revised due to the incorporation of new country weights).

The headline index may be revised from time to time if constituent national data are unavailable for inclusion in the figures due to later than usual release dates. Revised values reflect the inclusion of economy level data that was unavailable at release time into the aggregate global index.

For further information on the PMI survey methodology, please contact economics@spglobal.com.

Hamburg Commercial Bank AG

Hamburg Commercial Bank (HCOB) is a private commercial bank and specialist financier headquartered in Hamburg, Germany. The bank offers its clients a high level of structuring expertise in the financing of commercial real estate projects with a focus on Germany as well as neighboring European countries. It also has a strong market position in international shipping. The bank is one of the pioneers in European-wide project financing for renewable energies and is also involved in the expansion of digital and other areas of important infrastructure. HCOB offers individual financing solutions for international corporate clients as well as a focused corporate client business in Germany. The bank's portfolio is completed by digital products and services facilitating reliable, timely domestic and international payment transactions as well as for trade finance.

Hamburg Commercial Bank aligns its activities with established ESG (Environment, Social, and Governance) criteria and has anchored sustainability aspects in its business model. It supports its clients in their transition to a more sustainable future.

The bank's specialists are as experienced as they are pragmatic. They act in a reliable manner and at eye level with their customers. They provide in-depth advice in order to jointly find efficient solutions that are a perfect fit – for complex projects in particular. Tailor-made financing, a high level of structuring and syndication expertise and many years of experience are just as much a hallmark of the bank as are our profound market and sector expertise.

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