

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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### Markit Germany Services PMI<sup>®</sup> – final data (with Composite PMI<sup>®</sup> data)

#### Strongest rise in service sector activity for five months, led by new business rebound

##### Key points:

- Final Germany Services Business Activity Index<sup>(1)</sup> at 51.3 in July, up from 50.4 in June (5-month high).
- Final Germany Composite Output Index<sup>(2)</sup> at 52.1 in July, up from 50.4 in June (5-month high).

##### Historical overview:



Sources: Markit, EcoWin

##### Summary:

July data indicated a further gradual recovery in business activity across the German service sector. Improvements in overall business conditions were also highlighted by a rebound in new order levels and a return to net job creation during the latest survey period. Robust input price pressures nonetheless persisted in July, driven by higher energy and staff costs, which in turn led to the most marked rise in prices charged by service providers since February.

Adjusted for seasonal influences, the final **Markit Germany Services Business Activity Index** picked up to 51.3 in July, from 50.4 in June, to remain above the 50.0 no-change value for a

second consecutive month. Although only pointing to a moderate rate of business activity expansion, the latest reading was the highest since February. Sector data suggested that business activity growth was strongest in Post & Telecommunications, followed by Financial Intermediation. Transport & Storage and 'Other Services' were the only areas of the service economy to register a drop in business activity.

The final seasonally adjusted **Markit Germany Composite Output Index** – which measures the combined output of the manufacturing and service sectors – posted 52.1 in July, up from 50.4 in June and above the 50.0 no-change value for the third month running. The latest index reading indicated the strongest rise in German private sector output since February, supported by increased levels of both services and manufacturing activity.

Higher overall volumes of service sector output were driven by a rebound in new work during July. The moderate rise in new business levels contrasted with the reductions seen in the previous four months. Some survey respondents cited a greater willingness to spend among both business clients and domestic consumers in July. Across the German private sector as a whole, new work also increased for the first time since February.

Stronger inflows of new work did not prevent a further reduction in outstanding business volumes across the German service sector in July. Lower levels of unfinished work have now been recorded for 17 months running, but the latest survey signalled the slowest pace of decline since March. Backlogs of work across the private sector as a whole also decreased at the least marked rate for four months.

Service providers registered a marginal increase in staffing levels at their units in July, thereby ending a

two-month period of decline. This pattern was also seen across the German private sector as a whole. The return to net job creation at service companies was attributed to improved levels of new work and greater confidence in the near-term business outlook. Just under twice as many respondents (26%) anticipate a rise in business activity over the year ahead as those that forecast a reduction (14%). Sector data showed that companies operating in Renting & Business Activities are the most upbeat about the outlook, followed by Post & Telecommunications.

Latest data indicated an acceleration of input cost inflation at service sector companies in July. The latest rise in average cost burdens was robust and the fastest since January, which survey respondents mostly linked to higher energy prices and staff salaries at their units. Across the private sector as a whole, cost burdens increased only marginally as lower manufacturing input prices contrasted with strong rises in service providers' cost burdens.

A combination of rising input prices and stronger underlying demand meant that service providers increased their average tariffs for the third month running in July. The rate of prices charged inflation was the strongest since February.

**Comment:**

Commenting on the final Markit Germany *PMI*<sup>®</sup> survey data, **Tim Moore, senior economist at Markit** and author of the report said:

*“Germany’s economy has started the third quarter on a positive footing, driven by stronger growth in both manufacturing and services. A rebound in new business intakes helped support private sector job creation during July.*

*“While the overall growth profile remains subdued in comparison to those seen in 2010 and 2011, the change in direction for new order volumes provides a strong signal that Germany’s output performance can shift back though the gears during the second half of 2013.”*

-Ends-

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## Notes to Editors:

The Germany Services *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit and is based on original survey data collected from a representative panel of over 500 companies based in the German service sector. The final Germany Services PMI follows on from the flash estimate which is released a week earlier and is typically based on at least 75% of total PMI survey responses each month. The July flash was based on 76% of the replies used in the final data.

The Germany Composite *PMI*<sup>®</sup> is based on original survey data collected from a representative panel of 1,000 companies based in the German manufacturing and service sectors. The final Germany Composite PMI follows on from the flash estimate which is released a week earlier and is typically based on at least 75% of total PMI survey responses each month. The July flash was based on 87% of the replies used in the final 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 Services Activity Index <sup>(1)</sup>	-0.2	0.7
Germany Composite Output Index <sup>(2)</sup>	-0.1	0.5

### Notes

1. 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?"
2. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.

The Purchasing Managers' Index (PMI) 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 surveys are the *first* indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

### About Markit

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### About PMIs

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for 32 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 [www.markit.com/economics](http://www.markit.com/economics).

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