

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:55 (UK Time), 3 April 2014**

## Markit Germany Services PMI<sup>®</sup> – final data (with Composite PMI<sup>®</sup> data)

### German service sector business activity rises at weakest rate in five months

#### Key points:

- Final Germany Services Business Activity Index<sup>(1)</sup> at 53.0 in March, down from 55.9 in February (5-month low).
- Final Germany Composite Output Index<sup>(2)</sup> at 54.3 in March, down from 56.4 in February (5-month low).

#### Historical overview:



Sources: Markit, EcoWin

#### Summary:

Germany's service sector saw further rises in output and new orders in March, but the rates of growth eased since February. Meanwhile, the rate of job creation also weakened and input cost inflation fell to the lowest level in just over three-and-a-half years.

March data signalled ongoing output growth in Germany's service sector, as highlighted by the seasonally adjusted final **Markit Germany Services Business Activity Index** posting above the no-change mark of 50.0. At 53.0 however, the latest reading was down from February's 32-month high of 55.9, and pointed to the weakest rise in activity since last October. Nonetheless, the

increase was broad-based, with companies in all six monitored sub-sectors indicating growth. The steepest increase was reported by Post & Telecommunication companies.

The seasonally adjusted final **Markit Germany Composite Output Index** – which measures the combined output of the manufacturing and service sectors – fell from 56.4 in February to a five-month low of 54.3, signaling a further, albeit weaker expansion in German private sector output. Employment levels rose for the fifth month running, but the rate of job creation eased to the weakest in that sequence and was marginal overall.

New work placed at German service providers rose for the ninth month running in March, but the rate of growth eased to only a marginal pace amid reports of weaker export sales. However, ongoing mild weather continued to boost demand, contributing to an overall increase in order intakes.

Job creation in Germany's service sector continued in March, extending the current period of rising workforce numbers to five months. However, the latest increase was the weakest in that sequence and indicative of only a modest rise in employment levels. Some companies shed staff in an attempt to improve efficiency at their units, while increased new business was one of the main drivers for the overall rise in payroll numbers. Meanwhile, higher workforce numbers helped reducing backlogs of work, resulting in the steepest decline in outstanding business since June 2013.

Inflationary pressures eased during March, with service sector cost inflation falling to a 43-month low. The latest cost rise was modest overall and linked to higher energy prices and rising staff costs. In response to weaker cost inflation, German service providers raised their output charges to a lesser extent than seen in the preceding month.

Further positive sentiment was signalled in March, with service providers (on balance) expecting activity to pick up over the course of the next 12 months. The level of optimism was unchanged since February and among the highest for three years. Panel members attributed improved sentiment to the current domestic economic upturn, increased order intakes and export opportunities.

## Comment:

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

*“Germany’s private sector expanded further in March, but activity growth slowed to a five-month low. However, the drop in the pace of expansion comes from a high base, after output had risen at the quickest pace in 33 months during February. Companies reported that although unusually mild weather was still having a noticeable positive impact in March, it had boosted output growth to a lesser extent than at the beginning of the year.*

*“The service sector suffered a slide in the pace of growth in March, with activity, new orders and employment all rising at weaker rates. The slow-down therefore suggests that the recovery may have hit an uneven patch. Nevertheless, service providers remained optimistic about their year-ahead outlook, with the level of positive sentiment remaining at a historically high level.”*

-Ends-

## For further information, please contact:

### Markit

Oliver Kolodseike, Economist  
Telephone +44-1491-461-003  
Email [oliver.kolodseike@markit.com](mailto:oliver.kolodseike@markit.com)

Alex Brog, Corporate Communications  
Telephone +44-20-7264-7602  
Email [alex.brog@markit.com](mailto:alex.brog@markit.com)

## 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 March flash was based on 72% 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 March flash was based on 82% 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

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 11 countries. For more information, please see [www.markit.com](http://www.markit.com)

#### About PMI

*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).

The intellectual property rights to the Markit Germany Services PMI<sup>®</sup> and Markit Germany Composite PMI<sup>®</sup> provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit 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 Markit 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. Markit is a registered trade mark of Markit Group Limited.