

# News Release

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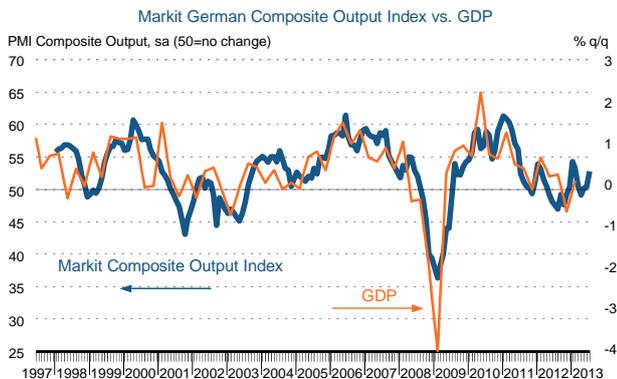
## Markit Flash Germany PMI®

### Manufacturing production rises at fastest pace for 17 months in July

**Key points:**

- Flash Germany Composite Output Index<sup>(1)</sup> at 52.8 (50.4 in June), 5-month high.
- Flash Germany Services Activity Index<sup>(2)</sup> at 52.5 (50.4 in June), 5-month high.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 50.3 (48.6 in June), 5-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 53.4 (50.5 in June), 17-month high.

**Historical overview:**



Sources: Markit, EcoWin.

**Summary:**

July data signalled a solid rebound in German private sector output growth, driven by faster rates of expansion in both manufacturing and services. At 52.8 in July, up from 50.4 in June, the seasonally adjusted **Markit Flash Germany Composite Output Index** indicated the strongest increase in overall business activity for five months. The headline index reflected solid readings in both the manufacturing (53.4) and service sector (52.5) during July. Growth of manufacturing output was the most marked since February 2012, while service providers pointed to the steepest rise in business activity for five months.

Higher levels of private sector output were underpinned by a return to **new business** expansion in July, ending a four-month period of

falling levels of new work. That said, both the manufacturing and service sectors posted only moderate increases in new business volumes during the latest survey period.

In the manufacturing sector, an improvement in order books was driven by rising levels of domestic demand as **new export volumes** dropped for the fifth consecutive month. Anecdotal evidence from survey respondents suggested that stronger demand from the domestic construction and autos industries had helped offset subdued spending patterns among clients in China and the euro area.

The latest survey indicated a return to net **job creation** across the German private sector economy, following two months of moderate declines in staffing numbers. July data signalled that overall employment growth was driven by the service sector, as manufacturing workforce levels were broadly unchanged since the previous month. Meanwhile, **backlogs of work** dropped slightly in both the manufacturing and service sectors in July, suggesting a general lack of pressure on current operating capacity.

Service sector employment numbers were in part boosted by an improvement in the **outlook for business activity** over the next 12 months. Latest data indicated that future business confidence among companies operating in the service economy is the strongest since April.

**Average cost burdens** increased slightly in July, thereby ending a three-month period of falling prices. There were again divergent trends between the manufacturing and service sectors. Manufacturers posted the steepest drop in input prices for four years, driven by lower raw material costs, while service providers indicated the strongest rate of cost inflation since March 2012. There were also contrasting trends for **output charges**, as manufacturers lowered their factory gate prices in July but service sector companies signalled a solid increase in average tariffs. Measured overall, private sector output charges rose marginally in July, albeit at the most marked

pace for five months.

**Comment:**

**Tim Moore, Senior Economist at Markit** and author of the Flash Germany PMI<sup>®</sup>, said:

*“Germany’s private sector shook off its recent bout of malaise in July, as stronger manufacturing and services growth underpinned the fastest pace of output expansion for five months. The return to new business growth sets a positive tone at the start of the third quarter and a rebound in employment numbers adds to the air of positivity in the latest figures.*

*“The stronger performance of the German private sector in July appears to have been driven by improvements in domestic business and consumer spending. In particular, manufacturers cited higher demand patterns from the autos industry and among clients in the domestic construction sector, which helped offset continued weakness in key export markets.”*

-Ends-

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**Note to Editors:**

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

The Germany PMI (Purchasing Managers' Index) is produced by Markit and is based on original survey data collected from a representative panel of 1000 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>	-0.1	0.5
Germany Manufacturing PMI <sup>(3)</sup>	0.1	0.3
Germany Services Business Activity PMI Index <sup>(2)</sup>	-0.2	0.7

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.

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 Markit. Please contact [economics@markit.com](mailto:economics@markit.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?"

#### **About Markit**

Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information please see [www.markit.com](http://www.markit.com).

#### **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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