

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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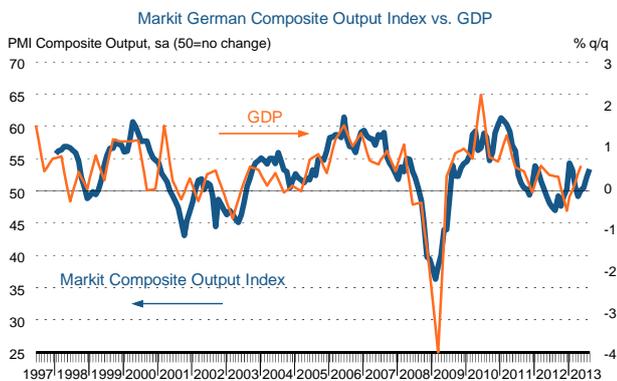
## Markit Flash Germany PMI<sup>®</sup>

### Strongest growth of German private sector output since January, driven by fastest rise in manufacturing production for over two years

#### Key points:

- Flash Germany Composite Output Index<sup>(1)</sup> at 53.4 (52.1 in July), 7-month high.
- Flash Germany Services Activity Index<sup>(2)</sup> at 52.4 (51.3 in July), 6-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 55.3 (53.8 in July), 26-month high.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 52.0 (50.7 in July), 25-month high.

#### Historical overview:



Sources: Markit, EcoWin.

#### Summary:

German private sector business activity continued to rise in August, extending the current period of expansion to four months. This was highlighted by the seasonally adjusted **Markit Flash Germany Composite Output Index** posting 53.4 in August, up from 52.1 in the previous month and above the 50.0 mark that separates expansion from contraction. The latest reading signalled a solid increase in overall business activity, with the pace of growth reaching its strongest since January.

Sector data pointed to higher levels of output in both **manufacturing** and **services**, with the former posting the faster pace of growth in August. The rise in manufacturing production was the steepest

since June 2011, while service sector business activity increased at the most marked rate for six months.

**New business** continued to rise across the German private sector in August, and the rate of expansion was the sharpest for seven months. The manufacturing sector recorded the fastest growth of new work, with the latest improvement the steepest since May 2011. In the service economy, new business intakes increased at only a marginal pace that was slightly slower than in July. Meanwhile, manufacturers indicated a return to growth in **new export orders** during August, which ended a five-month period of decline.

Despite manufacturing companies outperforming service providers in terms of output and new business growth, the latter remained the principal area of **job creation** during August. A further 5 marginal rise in services employment contrasted with a moderate drop in manufacturing workforce numbers. As a result, overall levels of German private sector employment were broadly unchanged in the latest survey period.

Meanwhile, **backlogs of work** fell at the slowest pace in the current 26-month period of decline. Service providers saw a drop in unfinished work, but manufacturers indicated a rise in outstanding business for the first time since March.

August data highlighted a solid rise in **average cost burdens** across the German private sector, with the rate of inflation accelerating to a seven-month high. Robust cost inflation persisted in the service economy during August, which survey respondents linked to higher energy prices and staff wages. Meanwhile, manufacturing companies indicated a further decrease in their cost burdens, but the latest reduction was the least marked since January.

**Prices charged** by German private sector firms increased marginally in August, with the rate of inflation little-changed since the previous month. Higher output charges were recorded in both the

manufacturing and service sectors, with the former posting the first increase in factory gate prices since March.

**Comment:**

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

*“The survey provides confirmation that Germany’s economy is back on a solid footing and likely to remain in expansion through the third quarter of 2013. Manufacturing was an especially bright spot in August, with the latest figures suggesting that a rebound in export orders helped output growth accelerate to its strongest for over two years.*

*“Service providers also benefitted from improving business conditions at home and across the euro area, with total activity levels rising for a third month running. Moreover, jobs growth was maintained in the service economy during August, pointing to sustained confidence in the near-term business outlook.”*

-Ends-

**For further information, please contact:**

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**Note to Editors:**

Final August data are published on 2 September for manufacturing and 4 September 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**

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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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