

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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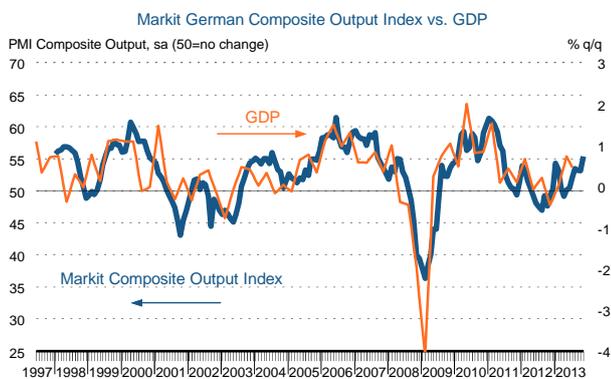
Markit Germany Services PMI[®] – final data (with Composite PMI[®] data)

Robust rise in services output, driven by fastest pace of new business growth since June 2011

Key points:

- Final Germany Services Business Activity Index⁽¹⁾ at 55.7 in November, up from 52.9 in October (10-month high).
- Final Germany Composite Output Index⁽²⁾ at 55.4 in November, up from 53.2 in October (29-month high).

Historical overview:



Summary:

November survey data highlighted a range of positive developments across the German service economy, with output and new business growth both accelerating over the month. As a result, employment levels returned to expansion and business optimism about the year-ahead outlook was the highest since March. There were, however, signs of ongoing pressures on operating margins as cost inflation was robust while average prices charged by service providers increased only marginally.

At 55.7 in November, up from 52.9 in October, the seasonally adjusted final **Markit Germany Services Business Activity Index** was above the

50.0 no-change value for the sixth successive month. The latest reading was above the earlier 'flash' reading (54.5) and pointed to a robust pace of output expansion. Higher levels of activity were recorded in all six areas of the service economy monitored by the survey, with Post & Telecommunications registering the fastest increase in output.

The seasonally adjusted final **Markit Germany Composite Output Index** – which measures the combined output of the manufacturing and service sectors – picked up from 53.2 in October to 55.4 in November, its highest level for almost two-and-a-half years. Moreover, the index was above the earlier 'flash' reading for November (54.3).

In line with the trend for output, latest data indicated a robust improvement in new work received by service providers. The latest expansion of incoming new business was the fastest for almost two-and-a-half years, which survey respondents mainly linked to more favourable economic conditions and an associated upturn in clients' willingness to spend. By sector, the steepest rises in new work were seen in Post & Telecommunications and Financial Intermediation. Across the private sector as a whole, new work increased for the fifth month in a row.

November data showed that service providers are optimistic about the outlook for business activity over the next 12 months, and the degree of positive sentiment is the highest since March. This in turn contributed to a solid rebound in employment levels in November, following a fractional decline in the previous month. Moreover, the rate of job creation was the most marked since December 2011. An additional factor boosting workforce numbers was greater pressures on operating capacity in the service sector, as highlighted by a renewed rise in backlogs of work during November.

Input cost inflation eased slightly since October in the service sector, but remained sharper than the long-run survey average. A number of firms cited higher staff costs at their units. November data nonetheless indicated only a marginal increase in average prices charged by service providers in Germany. Across the private sector as a whole, the rate of input cost inflation was unchanged since October, while output charges increased for the fifth month in a row.

Comment:

Commenting on the final Markit Germany *PMI*[®] survey data, **Tim Moore, senior economist at Markit** and author of the report said:

“November’s PMI surveys have served up a double helping of good news for the German economy, as services joined manufacturing in recording robust output growth and a faster upturn than one month earlier. The final survey data also indicate a brighter economic picture than suggested by earlier ‘flash’ PMI estimates for November.

“Overall, private sector companies saw the steepest output expansion since mid-2011, while improving new order flows provide a signal that the German economy is set to finish the year in positive fashion.”

-Ends-

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Notes to Editors:

The Germany Services *PMI*[®] (*Purchasing Managers' Index*[®]) 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 November flash was based on 85% of the replies used in the final data.

The Germany Composite *PMI*[®] 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 November flash was based on 90% 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 ⁽¹⁾	-0.2	0.7
Germany Composite Output Index ⁽²⁾	-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[®] (*PMI*[®]) 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.

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