

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:30 (UK Time) 21 November 2013

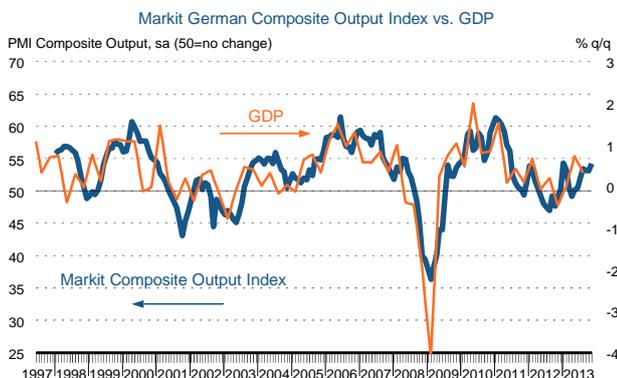
Markit Flash Germany PMI[®]

Manufacturing PMI hits highest level for almost two-and-a-half years

Key points:

- Flash Germany Composite Output Index⁽¹⁾ at 54.3 (53.2 in October), 10-month high.
- Flash Germany Services Activity Index⁽²⁾ at 54.5 (52.9 in October), 9-month high.
- Flash Germany Manufacturing PMI⁽³⁾ at 52.5 (51.7 in October), 29-month high.
- Flash Germany Manufacturing Output Index⁽⁴⁾ at 54.0 (53.6 in October), 3-month high.

Historical overview:



Summary:

November data signalled a further improvement in the German private sector economy, with output growth accelerating since the previous month at both manufacturing and services companies. Adjusted for seasonal influences, the headline **Markit Flash Germany Composite Output Index** posted 54.3, up from 53.2 in October and the highest reading since January.

Robust rates of output expansion were broad-based across **manufacturing** and **services** during November, with both sectors also recording faster gains in new business volumes. Moreover, the flash Germany Manufacturing *Purchasing Managers' Index[®]* (PMI[®]) – a composite indicator designed to provide a single-figure snapshot of the performance of the manufacturing economy – reached its highest

level since June 2011.

Overall levels of **new work** received in the German private sector increased at the most marked pace for almost two-and-a-half years in November. In the manufacturing sector, latest data pointed to the steepest rise in new export work since February, but survey respondents continued to cite weak demand conditions within the euro area. Across the service sector, new business has now risen for five months in a row, which is the longest expansionary period since the upturn in 2010/11. A number of service providers noted that improvements across the wider domestic economy had encouraged clients to commit to new projects.

Growth of private sector **workforce numbers** was only marginal in November, and primarily driven by a rebound in services employment. In contrast, manufacturing staffing levels decreased for the eighth successive month. There were nonetheless some signs of pressure on operating capacity in the manufacturing sector, as **backlogs of work** increased in November at the sharpest rate for two-and-a-half years. Service providers also saw a solid rise in unfinished business, which ended a two-month period of falling backlogs in the sector.

On the price front, November data signalled a further solid rise in **average cost burdens** across the German private sector economy. Higher input costs have been recorded for five months in a row and the latest rate of inflation was the steepest since October 2012. Despite pressure on margins from higher costs, **output charges** increased only slightly in November and the overall rate of inflation was unchanged since the previous month. However, the overall trend masked the fastest increase in manufacturing output charges since August 2011.

Comment:

Tim Moore, Senior Economist at Markit and author of the Flash Germany PMI[®], said:

“November’s survey suggests that the German economy has built up a head of steam through the final quarter of 2013 and is well on track to achieve growth of close to 0.5% for the calendar year. There

are also signs that solid growth momentum should be sustained over the months ahead, as new business received by private sector firms increased at the steepest pace for almost two-and-a-half years.

“Backlogs of work were accumulated across the German economy to the greatest degree since mid-2011, providing encouragement that improvements in investment spending and job creation will follow in the wake of the upturn in business conditions.”

-Ends-

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Note to Editors:

Final November data are published on 2 December for manufacturing and 4 December 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 ⁽¹⁾	-0.1	0.4
Germany Manufacturing PMI ⁽³⁾	0.1	0.3
Germany Services Business Activity PMI Index ⁽²⁾	-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.

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[™] (*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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