

# News Release

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

### German private sector output continues to rise in October, but at slowest pace for three months

#### Key points:

- Flash Germany Composite Output Index<sup>(1)</sup> at 52.6 (53.2 in September), 3-month low.
- Flash Germany Services Activity Index<sup>(2)</sup> at 52.3 (53.7 in September), 3-month low.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 51.5 (51.1 in September), 2-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 53.3 (52.3 in September), 2-month high.

#### Historical overview:



Sources: Markit, EcoWin.

#### Summary:

Adjusted for seasonal influences, the **Markit Flash Germany Composite Output Index** registered 52.6 during October, down from 53.2 in September but still above the 50.0 value that separates expansion from contraction. The latest reading pointed to a moderate increase in private sector output, with the overall rate of growth the least marked since July.

Slower overall growth of private sector output largely reflected a weaker expansion of **services** business activity. While service sector output growth eased to a three-month low, the latest rise in **manufacturing** production was slightly stronger than that seen during September.

October data suggested that **new business volumes** rose for the fourth consecutive month. However, the rate of expansion was only marginal and slipped to its slowest since July. This reflected a weaker contribution from services, as manufacturing new order growth was in line with that seen during the previous month. That said, manufacturing **new export work** increased only marginally and at the slowest rate in the current three-month period of expansion.

Volumes of **unfinished work** were broadly unchanged in October, contrasting with a moderate reduction during the previous month. Despite the stabilisation in outstanding business, private sector **workforce numbers** were reduced slightly during the latest survey period. Lower employment contrasted with job creation during the previous month, and reflected lower staffing levels in both the manufacturing and service sectors.

A solid rate of **input price inflation** persisted in October, thereby extending the current period of rising cost burdens to four months. The latest increase in input prices was the fastest for a year and partly driven by a return to cost inflation in the manufacturing sector. There were signs of pressure on manufacturing supply chains as average lead times from vendor lengthened for the third month running and to the greatest degree since July 2011.

Despite a further increase in private sector input costs, latest data indicated that **output charges** were broadly unchanged during October. That said, there were divergent trends between manufacturers and service providers, with the former reporting a rise in factory gate prices and the latter indicating a reduction for the first time since April.

#### Comment:

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

*“Germany’s private sector started the final quarter of 2013 in a positive fashion as manufacturing and*

service sector output levels both increased from those seen during September. A slower rate of expansion in services activity meant that overall growth eased slightly from the trend recorded over the third quarter.

“However, the stronger manufacturing outturn during October is a signal that the Germany’s resilient economic performance has continued this autumn, while sustained gains in new orders suggest that private sector companies will remain on a growth footing in the months ahead.”

-Ends-

**For further information, please contact:**

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**Note to Editors:**

Final October data are published on 1 November for manufacturing and 4 November 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	0.4
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?”

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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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