

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 0930 (CEST) / 0730 (UTC) 23 April 2021

IHS Markit Flash Germany PMI®

Flash Germany PMI shows a slight loss of momentum in recovery in April

Key findings:

- Flash Germany PMI Composite Output Index⁽¹⁾ at 56.0 (Mar: 57.3). 2-month low.
- Flash Germany Services PMI Activity Index⁽²⁾ at 50.1 (Mar: 51.5). 2-month low.
- Flash Germany Manufacturing Output Index⁽⁴⁾ at 67.7 (Mar: 68.9). 2-month low.
- Flash Germany Manufacturing PMI⁽³⁾ at 66.4 (Mar: 66.6). 2-month low.

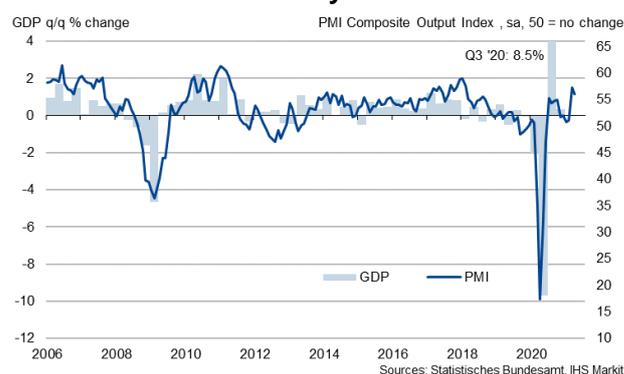
Data collected April 12-22

April's 'flash' PMI® data from IHS Markit showed a slowdown in growth across Germany's private sector, with services activity stalling and the upturn in manufacturing production partly held back by supply shortages. The pace of job creation nevertheless gathered speed, driven largely by increased efforts by goods producers to expand capacity as well as positive expectations for future activity.

April meanwhile saw businesses' costs rise at the fastest rate for more than a decade amid widespread reports of an imbalance of supply and demand for inputs as well as higher fuel and energy prices. Charges were raised accordingly, albeit with the survey indicating the partial absorption of higher costs by businesses.

The **headline Flash Germany PMI Composite Output Index** ticked down from a 37-month high of 57.3 in March to 56.0 in April. The survey's manufacturing output index remained in strong growth territory, at 67.7, but signalled a slight loss of momentum since March (68.9) amid several reports from surveyed firms of supply issues holding back production. Business activity across the service sector meanwhile stalled in April (index at 50.1 from 51.5) as companies cited the impact of the pandemic and stricter lockdown measures.

IHS Markit Flash Germany PMI



The recent soft patch in demand across the service sector extended into April, with inflows of new business down for the seventh month in a row and at a slightly quicker rate than in March. Manufacturers meanwhile continued to report strong growth in order book volumes, albeit with the rate of increase easing slightly from March's record high due in part to a slower rise in new export orders. Across the combined sectors, **overall new business** rose for the tenth month running but at a slightly reduced rate.

Outstanding business continued to accumulate across the private sector during April. Furthermore, the extent to which backlogs increased was the most marked since February 2011, led by record growth in the manufacturing sector as goods producers struggled to keep pace with demand. The postponement of projects meanwhile contributed to the first – albeit marginal – rise in outstanding business at services firms for 21 months.

April meanwhile saw further broad-based growth in **employment**, with the overall rate of job creation reaching the quickest for two-and-a-half years. In manufacturing, the upturn in workforce numbers gathered pace to the quickest since August 2018

amid widespread efforts by goods producers to expand capacity in line with rising demand. While more moderate by comparison, the rise in service sector employment was still solid overall and the quickest seen since before the pandemic, amid reports of some firms planning for higher activity in the coming months.

Expectations towards activity in the year ahead remained strongly positive in April, reflecting hopes for the relaxation of COVID-19 containment measures and the release of pent-up demand. The degree of optimism did, however, dip slightly from March's series-record high (since July 2012), owing to some loss of confidence among service providers. Manufacturing expectations, on the other hand, ticked up and were close to February's recent peak.

The goods-producing sector reported record growth in purchasing activity in April. However, combined with a continued squeeze on supply linked to shortages of inputs and a lack of available freight capacity, this led to further upward pressure on manufacturing input costs, the rate of inflation of which reached the quickest since February 2011. With cost pressures also picking up in the service sector cost to the strongest for two years, the overall rate of **input price inflation** was the highest for over a decade in April.

Average prices charges for goods and services likewise rose at a faster rate – the quickest since January 2019. However, while factory gate price inflation surged to the highest in the series history (since September 2002), charges among services firms rose only modestly, with price increases limited by the ongoing weakness in demand across the sector.

Comment

Commenting on the flash PMI data, **Phil Smith**, Associate Director at IHS Markit said:

“The third wave of the pandemic has stifled progress in Germany’s service sector, with April’s flash PMI data showing activity close to stalling following the return to growth at the end of the first quarter. The country’s manufacturing sector remains on a strong footing, though even here the data show growth being held back by supply problems.

“The imbalance of demand and supply across manufacturing supply chains continues to drive up businesses’ costs, which are now rising at the fastest rate for more than a decade. However, while factory gate prices are increasing rapidly in line with strong demand for goods, services firms remain more cautious with their pricing, which somewhat limits the spillover to overall consumer prices.

“There was good news on the employment front in April, as efforts by manufacturers in particular to expand capacity drove the fastest increase in private sector workforce numbers for two-and-a half years.”

-Ends-

For further information, please contact:

IHS Markit

Phil Smith, Associate Director
 Telephone +44-1491-461-009
 Email: phil.smith@ihsmarkit.com

Joanna Vickers, Corporate Communications
 Telephone +44-207-260-2234
 Email joanna.vickers@ihsmarkit.com

Note to Editors:

Final April data are published on 3 May for manufacturing and 5 May for services and composite indicators.

The Germany PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 800 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	0.0	0.4
Germany Manufacturing PMI ³	0.0	0.3
Germany Services Business Activity Index ²	-0.1	0.6

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.

IHS 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 IHS Markit. Please contact economics@ihsmarkit.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 IHS Markit (www.ihsmarkit.com)

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).

About PMI

Purchasing Managers' Index[®] (PMI[®]) surveys are now available for over 40 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 <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the Flash Germany PMI[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and PMI[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.