

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

### Business activity rises at slightly quicker rate in November, but supply delays lead to unprecedented inflationary pressures

#### Key findings:

- Flash Germany PMI Composite Output Index<sup>(1)</sup> at 52.8 (Oct: 52.0). 2-month high.
- Flash Germany Services PMI Activity Index<sup>(2)</sup> at 53.4 (Oct: 52.4). 2-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 51.7 (Oct: 51.2). 2-month high.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 57.6 (Oct: 57.8). 10-month low.

Data collected November 12-19

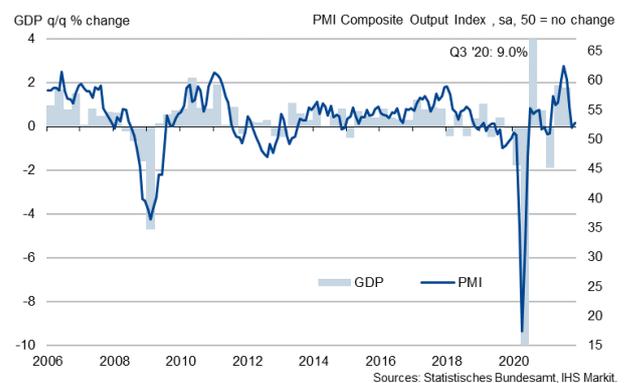
November flash PMI® data from IHS Markit pointed to a slight acceleration in growth of business activity across the German private sector, although the upturn remained only modest amid subdued manufacturing growth. Inflows of new work rose again, but at the slowest pace since February, with export growth also moderating. Meanwhile, data pointed to unprecedented inflationary pressures, with firms linking the latest rises with ongoing supply issues and shortages.

The **headline Flash Germany PMI Composite Output Index** indicated a slight acceleration of growth, rising from 52.0 in October to 52.8 in November, albeit still well below the readings seen during the second and third quarter of the year.

Output was again weighed on by supply delays during November, with manufacturers in particular recording a lacklustre rise in factory production. That said, the rates of increase in output across both services and manufacturing quickened to two-month highs, with some firms reporting that improved client demand had boosted business activity.

Nonetheless, the latest uplift in **new work** was the slowest for nine months as gains to demand were

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hindered by supply bottlenecks, input shortages and an associated decline in demand from the automotive sector. Notably, November's flash data pointed to a stalling of new business at German service providers, with the respective index only just above the neutral level of 50.0 as panellists noted that uncertainty surrounding the pandemic and supply delays had dampened client demand. At the same time, the rate of expansion in manufacturing new orders remained among the weakest since the recovery began in 2020, despite quickening since October to a solid rate.

November's flash data also signalled unprecedented increases in both **input costs** and **output charges**. For the former, the rate of inflation accelerated sharply on the month to a record pace that was far quicker than the previous survey record seen in June. Supply delays, material shortages, rising energy bills and greater wage costs were all attributed by panellists to the latest surge in input costs. Goods producers also continued to record a much steeper rate of cost inflation than services firms.

In response, firms raised their average charges for

the fourteenth month in a row during November. Moreover, the rate of increase hit a survey record for the second month running as firms sought to maintain margins by passing greater costs through to clients where possible.

At the same time, German companies continued to take on additional staff in November, extending the current sequence of higher **employment** which began in January. According to anecdotal evidence, firms were taking on staff to alleviate capacity pressures and in preparation for a strong rebound in the coming months. The rate of job creation eased slightly since October, but was still sharp overall.

Indeed, November data pointed to a sustained rise in **outstanding business** amid reports that supply delays and shortages had left many orders waiting to be fulfilled. The rate of backlog accumulation was the slowest since February, however, reflecting a moderation in growth of new business.

November flash data also pointed to sustained optimism at German firms towards activity over the next year. **Business confidence** remained historically elevated, with growth expectations attributed to hopes of a rebound in demand and further economic recovery, as well as an end to supply issues. That said, confidence was the weakest since October 2020, with respondents noting concerns around the COVID-19 pandemic and inflationary pressures.

Commenting on the flash PMI data, **Lewis Cooper**, Economist at IHS Markit said:

*“The flash PMI data for November point to a general levelling off the economic growth slowdown seen across the German private sector over the previous three months. Business activity continued to rise, with the rate of increase gaining some well needed momentum as manufacturers and services firms alike saw faster uplifts in output.*

*“Supply delays continued to weigh heavily on the performance of the German economy, however, with inflows of new work rising at a slower pace as clients held off on ordering due to delays. Export orders showed a more resilient trend, but nonetheless, overall new work increased at the weakest rate since February.*

*“Material shortages, combined with greater energy and wage bills, price hikes at suppliers and logistical issues led to an unprecedented rate of cost inflation in November, with German companies subsequently raising their own charges to a record degree. This subsequently knocked on to business confidence in November, with sentiment the lowest for over a year as many firms cited concerns around the pandemic, supply problems and price pressures.*

*“Overall, the flash PMI data point to a slightly improved trend for business activity, but supply delays and inflationary pressures remain a key cause for concern and are likely to weigh further on growth in the coming months, especially if these constraints further stifle demand.”*

-Ends-

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**Note to Editors:**

Final November data are published on 1 December for manufacturing and 3 December 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 <sup>1</sup>	0.0	0.4
Germany Manufacturing <i>PMI</i> <sup>β</sup>	0.0	0.3
Germany Services Business Activity Index <sup>2</sup>	-0.1	0.6

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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](mailto: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?"

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