

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

IHS Markit Flash Germany PMI[®]

Recovery in German economy gains momentum in June

Key findings:

- Flash Germany PMI Composite Output Index⁽¹⁾ at 60.4 (May: 56.2). 123-month high.
- Flash Germany Services PMI Activity Index⁽²⁾ at 58.1 (May: 52.8). 123-month high.
- Flash Germany Manufacturing Output Index⁽⁴⁾ at 65.1 (May: 62.8). 2-month high.
- Flash Germany Manufacturing PMI⁽³⁾ at 64.9 (May: 64.4). 2-month high.

Data collected June 11-22

The recovery in Germany's private sector economy gained momentum in June, latest 'flash' PMI[®] data from IHS Markit showed, with the further easing of COVID-19 restrictions and release of pent-up demand leading to a sharp and accelerated rise in business activity.

However, the recovery in output levels was accompanied by a further increase in price pressures, with rates of inflation in both input costs and output prices accelerating to new record highs.

The **headline Flash Germany PMI Composite Output Index** registered 60.4 in June, up sharply from 56.2 in May and its highest reading since March 2011. The upturn reflected improved performances across both monitored sectors. In services, business activity rose at the quickest for more than ten years (index at 58.1), with many customer-facing businesses buoyed by the easing of virus containment measures. Manufacturing output growth also accelerated (index at 65.1), after having slowed in each of the previous two months. This coincided with a stronger expansion in factory new orders as well as a slight fall in the number of businesses reporting longer lead-times on materials and components (although reports of delays were still among the highest in the series history).

IHS Markit Flash Germany PMI



Overall inflows of new business showed the steepest rise since January 2011. Although manufacturing continued to lead the way on the order book front, helped by a sustained strong upturn in goods export sales, the improvement in growth in June was mainly driven by the service sector, which recorded its sharpest increase in new work for over a decade amid a return to growth of new export business.

June saw the rate of **input price inflation** accelerate notably from May's previous record high. Cost pressures remained strongest overall in manufacturing, where data showed purchase prices rise at a rate close to May's all-time peak. However, it was the service that drove the overall uptick, with the sector's Input Prices Index having shown a record monthly rise to register its highest reading since data collection began.

The rate of inflation in **average prices charged for goods and services** likewise accelerated well beyond anything seen before in the series history in June. Prices rose sharply and at record rates across both monitored sectors, led by manufacturing.

Businesses reported stronger **optimism towards**

the year-ahead outlook for activity in June. Expectations among services firms rose particularly sharply, reaching the highest since February 2000, reflecting progress in vaccinations and growing confidence regarding an eventual end to the pandemic. Nevertheless, the degree of optimism was still marginally stronger in manufacturing, where it picked up to a new series high (data on manufacturing expectations were first collected in July 2012).

Strong confidence among businesses towards future activity helped support a further upturn in **employment** during June. Furthermore, the rate of job creation accelerated for the fourth month running to the quickest since comparable data were first available in January 1998. Near-record growth in service sector payroll numbers accompanied a further sharp increase in factory staffing levels. The expansion in capacity partially reflected ongoing efforts to combat rising **backlogs of work**, which continued to increase at one of the fastest rates on record.

Comment

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

“As anticipated, the further loosening of COVID-19 restrictions has given an additional boost to the recovery of the German economy, with the ‘flash’ PMI rising steeply to its highest for over a decade. And with containment measures set to be lifted further in July, this strong momentum is on course to carry over to the third quarter.”

“The upturn in growth in June was unsurprisingly driven by the service sector, where firms reported the positive effects of looser containment measures and greater levels of travel activity on demand.”

“Encouragement can also be taken from the improved performance seen across manufacturing following the recent loss of momentum in the sector. Supply shortages still remain widespread, but a fall in the number of goods producers reporting longer lead times and rising material prices are perhaps the first signs that the worst of the disruption has now passed.”

“Price pressures have continued to heat up across the economy as a whole, however, owing in part to a record surge in service sector costs as higher material prices continue to spread from manufacturing and firms report a pick-up in personnel costs. The recovery in employment also gathered pace in June, with the rate of job creation at an all-time high amid strong business confidence and broad-based attempts to expand staffing capacity.”

-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 June data are published on 1 July for manufacturing and 5 July 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.