

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 0955 (CEST) / 0755 (UTC) September 5<sup>th</sup> 2018**

**IHS Markit Germany Services PMI® – final data (with Composite PMI® data)**

**Service sector employment growth at near 11-year high in August**

**Key findings:**

- Final Germany Services PMI Activity Index<sup>(2)</sup> at 55.0 (54.1 in July). 6-month high.
- Final Germany Composite PMI Output Index<sup>(1)</sup> at 55.6 (55.0 in July). 6-month high.

Data collected August 13-28

German services firms created jobs at the fastest rate for nearly 11 years in August, reflecting ongoing efforts to boost capacity amid rises in business activity and new orders. Cost pressures in the sector meanwhile increased to the strongest since early-2011 on the back of higher salaries and transport costs, which service providers passed onto clients in the form of another marked increase in selling prices.

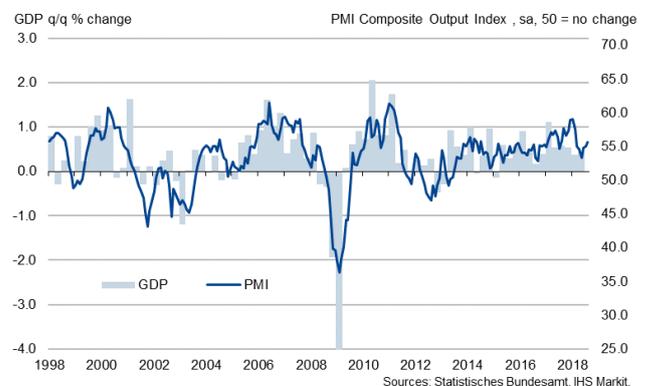
The headline seasonally adjusted final **IHS Markit Germany Services PMI Business Activity Index** ticked up to a six-month high of 55.0 in August, from 54.1 in July. The latest reading was indicative of a robust rate of growth, and one that was above the average over the current 63-month sequence of expansion.

Business activity increased on broad-based basis by sub-sector in August, with Financial Intermediation and Post & Telecommunication showing the fastest growth. Other Services (which includes health, education and other personal services) saw the slowest rise in activity, though growth in the sector did pick up since July.

At 55.6, up from 55.0 in July, the final **IHS Markit Germany Composite Output Index** was likewise at a six-month high in August. The uptick was driven exclusively by the service sector's stronger rate of growth, with manufacturing output continuing to rise at a robust pace, but one that was fractionally slower than that seen at the start of the third quarter.

The upturn in performance seen in the service sector in August reflected stronger inflows of new

**IHS Markit Germany Composite PMI**



business, growth of which continued to rebound from May's 20-month low and reached the highest since October last year. A number of surveyed businesses commented on growing customer bases.

With workloads continuing to rise and firms reporting increasing backlogs of work, the rate of job creation in the service sector gathered pace during August and reached the highest for nearly 11 years. By sub-sector, Post & Telecommunications and Transport & Storage saw the fastest rates of employment growth, while the only drop in staffing numbers was recorded in Hotels & Restaurants.

Services firms continued to report optimism towards the outlook, citing growing customer bases, new products, digitalisation and improved marketing as some of the factors set to drive higher business activity in the year ahead. The degree of confidence picked up slightly since July but remained below the highs seen earlier in the year.

Elsewhere, latest data indicated a further intensification of cost pressures facing German service providers, with the rate of input price inflation in the sector accelerating for the fifth month in a row to the strongest since March 2011. Higher

labour and transport costs were the main drivers, according to anecdotal evidence.

Strong demand allowed firms to pass on most of the burden of higher costs to clients through increased selling prices, which rose sharply and at a rate just below July's survey record.

## Comment

Commenting on the final *PMI*<sup>®</sup> survey data, **Phil Smith**, Principal Economist at IHS Markit said:

*"There were many positive takeaways from August's services survey, but the real highlight was the news of employment rising at the quickest rate in nearly 11 years. Service providers' increased appetite for new hires reflected not only rising workloads and increased pressure on capacity, but also a strong belief that growth is set to continue in the year ahead.*

*"The downside for businesses is that an increasingly tight jobs market is adding to wage pressures. Owing to the increasing price of labour as well as higher transport costs, input prices in service sector are rising at a rate unseen since early-2011. Thankfully for businesses, the strength of domestic demand means that they have been able to pass higher costs back onto clients.*

*"The sustained recovery of the PMI Composite Output Index from May's low has put it back into territory that is historically consistent with around 0.5% quarterly GDP growth. This signals the continuation of the steady rate of expansion seen since the second quarter of 2017, as is the latest view of the official data."*

-Ends-

**For further information, please contact:**

**IHS Markit**

Phil Smith, Principal Economist  
Telephone +44-1491-461-065  
Email: [phil.smith@ihsmarkit.com](mailto:phil.smith@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44207 260 2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Note to Editors:**

The Germany Services PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit and is based on original survey data collected from a representative panel of over 400 companies based in the German service sector. The final Germany Services PMI follows on from the flash estimate which is released a week earlier and is typically based on around 75% of total PMI survey responses each month. The August flash was based on 70% of the replies used in the final data.

The Germany Composite PMI is based on original survey data collected from a representative panel of over 800 companies based in the German manufacturing and service sectors. The final Germany Composite PMI follows on from the flash estimate which is released a week earlier and is typically based on around 75% of total PMI survey responses each month. The August flash was based on 81% of the replies used in the final 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 Services Business Activity Index <sup>2</sup>	-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](mailto:economics@ihsmarkit.com).

**Notes**

1. 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?"
2. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: 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 © 2018 IHS Markit Ltd. All rights reserved.

**About PMI**

Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) 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 IHS Markit Germany Services PMI<sup>®</sup> and IHS Markit Germany Composite PMI<sup>®</sup> 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<sup>®</sup> and PMI<sup>®</sup> 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.

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