

# News Release

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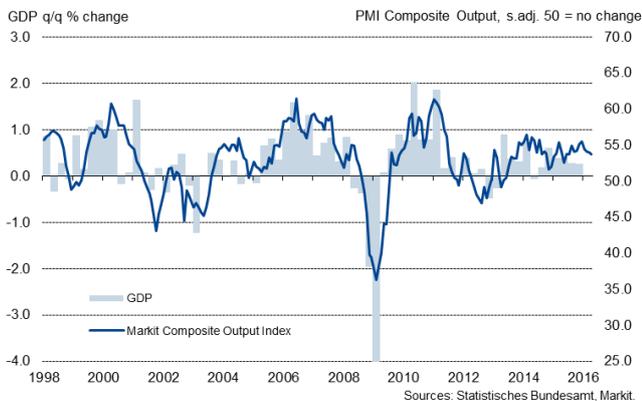
## Markit Flash Germany PMI®

### Economic upturn in Germany slows further despite improved manufacturing performance

#### Key points:

- Flash Germany Composite Output Index<sup>(1)</sup> at 53.8 (54.0 in March), 9-month low.
- Flash Germany Services Activity Index<sup>(2)</sup> at 54.6 (55.1 in March), 6-month low.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 51.9 (50.7 in March), 3-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 52.2 (52.0 in March), 3-month high.

#### Historical overview:



#### Summary:

Output growth at German private sector companies slowed further at the beginning of the second quarter, as highlighted by the **Markit Flash Germany Composite Output Index** falling from March's 54.0 to 53.8 in April. Although growth eased only marginally since the previous month, the latest expansion was the slowest since last July. **Service providers** reported a slightly weaker increase in activity, while output at **manufacturers** rose at the strongest rate since January.

In contrast to the trend for output, the amount of **new business** placed with private sector firms in Germany increased at a faster pace. Some panellists commented that new order intakes normalised after an underwhelming March, while

others observed strong demand from foreign markets. Indeed, manufacturers recorded the strongest rise in **new export orders** in 2016 so far, with specific mentions of China, Southern Europe and the US as sources of growth.

Meanwhile, businesses were encouraged to further add to their payrolls in April, thereby extending the ongoing sequence of **employment** growth to two-and-a-half years. Some panellists hired additional workers in order to process backlogs, while others commented on increased new orders. The rate of job creation accelerated marginally since March, but remained below levels seen throughout most of last year.

As has been the case since August of last year, **backlogs of work** rose during the month, which panel members largely attributed to increased new order intakes. However, with rising employment levels able to alleviate some pressure on operating capacity, the latest accumulation of business outstanding was only marginal overall.

April data highlighted a fourth successive monthly fall in **input costs** faced by German private sector companies, largely a result of lower raw material prices and exchange rate factors reported by manufacturers. That said, the latest fall in input prices was the weakest in the aforementioned period. Despite costs falling further, businesses were able to raise their average **selling prices** during the month. However, the rate of charge inflation was slight overall.

German **manufacturers** reported the first deterioration in **vendor performance** for three months during April. Moreover, **stocks of purchases** fell at the weakest rate in 2016 so far and **buying activity** continued to rise marginally.

**Service providers** were the most optimistic towards their **12-month outlook for activity** in three months, according to April's survey results. Reasons behind positive sentiment included higher budgets, increased demand and structural changes to their businesses.

**Comment:**

**Oliver Kolodseike, Economist at Markit** and author of the Flash Germany PMI®, said:

*“The German private sector economy is continuing its unspectacular expansionary trend at the beginning of the second quarter. Although growth remained uninspiring and the headline PMI dropped to a nine-month low, the index was down only fractionally since March and is still indicative of modest growth.*

*“On a more positive note, new business levels and employment both rose at slightly stronger rates and the manufacturing PMI emerged from near-stagnation in February and March to a three-month high. The upturn in the goods-producing sector was supported by stronger demand, especially from foreign markets, and a return of employment growth.*

*“Moreover, it seems as if deflationary pressures are beginning to bottom out, with input costs falling only marginally and output prices rising. This development should provide some modest cheer to eurozone policy makers after the currency union’s official CPI measure showed that prices were unchanged in March.”*

-Ends-

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**Note to Editors:**

Final April data are published on 2 May for manufacturing and 4 May 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>	0.0	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?"

## About Markit

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## About PMI

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for over 30 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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