

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Germany Services PMI® – final data (with Composite PMI® data)

Service sector growth remains strong in April

Key findings:

- Final Germany Services PMI Activity Index⁽²⁾ at 55.4 (55.6 in March). 2-month low.
- Final Germany PMI Composite Output Index⁽¹⁾ at 56.7 (57.1 in March). 2-month low.

Data collected April 11-25

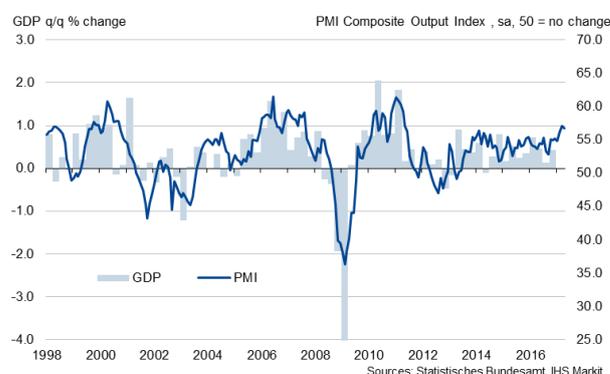
The German service sector continued to expand strongly at the start of the second quarter, according to the April PMI® survey data from IHS Markit. The rate of growth in total activity was little-changed from March's recent peak, although new business expansion eased to a three-month low and the volume of outstanding work fell slightly. Consequently, companies increased their workforces at the slowest rate since January. Price pressures remained historically sharp, although the rates of inflation of input and output prices both slowed since March.

The seasonally adjusted **Markit Germany Services PMI Business Activity Index** remained well above the no-change mark of 50.0 in April, signalling a strong expansion in service sector output. The Index fell fractionally from 55.6 in March to 55.4, but remained above its long-run average of 53.2 since the survey began in June 1997. Activity has risen continuously since June 2013, the second-longest sequence of growth in the survey history.

The seasonally adjusted **Markit Germany Composite PMI Output Index** remained well above the no-change mark of 50.0 in April, signalling a strong expansion in the combined output of the manufacturing and service sectors. At 56.7, down slightly from 57.1 in March, the Index pointed to the second-fastest rate of growth since May 2011.

By sub-sector, growth of services business activity was fastest in Financial Intermediation, followed by Renting & Business Activities. Hotels & Restaurants recorded another marked decline in activity.

Markit Germany Composite PMI



The volume of new business received by German service providers increased for the twenty-eighth month running in April. The rate of expansion was solid overall, but slowed to the weakest since January.

With growth of new business moderating at the start of the second quarter, service providers were able to work through their outstanding business. Backlogs fell for the first time since January, albeit at a marginal pace.

Service sector employment in Germany continued to expand at a historically sharp rate in April. The pace of job creation eased since March, but was still the third-fastest in nearly six years.

Service sector input prices continued to rise in April, in line with the trend shown since October 2009. The rate of inflation eased to a five-month low, but remained stronger than the long-run survey average with companies highlighting increased fuel prices, labour costs and rents.

Prices charged by service providers rose further in April, linked to both higher costs and stronger demand conditions. In line with the trend for input prices, the rate of inflation slowed since March but stayed strong overall.

Business sentiment remained firmly positive in

April, with anticipated growth of activity over the next 12 months linked to improving demand, increased staffing and restructuring. That said, the overall strength of expectations moderated to a three-month low.

Comment

Commenting on the final Markit Germany PMI® survey data, **Trevor Balchin**, Senior Economist at IHS Markit said:

“The German economy made an impressive start to the second quarter of 2017. The final April Composite Output Index beat the earlier flash estimate of 56.3, coming in at 56.7 which was only a shade under March’s 70-month high of 57.1.

“IHS Markit expects German economic growth to strengthen to 0.7% qr/qr in the first quarter, and the April PMI provides an early signal that expansion will remain strong in the second quarter.

“A closer look at the services data suggests a degree of caution should be applied to this outlook, however. New business growth slowed to a three-month low, outstanding business declined and expectations for activity moderated.

“Cost pressures remained strong in April, although the rate of input price inflation eased for the first time since August 2016. This reflected the trend in the service sector economy, while manufacturing purchase price inflation accelerated for the ninth month in a row to the highest since May 2011.”

-Ends-

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Note to Editors:

The Germany Services *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by 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 at least 75% of total PMI survey responses each month. The April flash was based on 69% 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 at least 75% of total PMI survey responses each month. The April flash was based on 83% 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 ¹	-0.1	0.4
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.

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@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.

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