

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

**Services business activity growth eases to slowest since September 2016**

**Key findings:**

- Final Germany Services PMI Activity Index<sup>(2)</sup> at 53.0 (53.9 in March). 19-month low.
- Final Germany PMI Composite Output Index<sup>(1)</sup> at 54.6 (55.1 in March). 19-month low.

Data collected April 12-25

Business activity in Germany's service sector grew at the slowest rate for 19 months in April, the pace of expansion pulling back further from a near seven-year high at the beginning of the year.

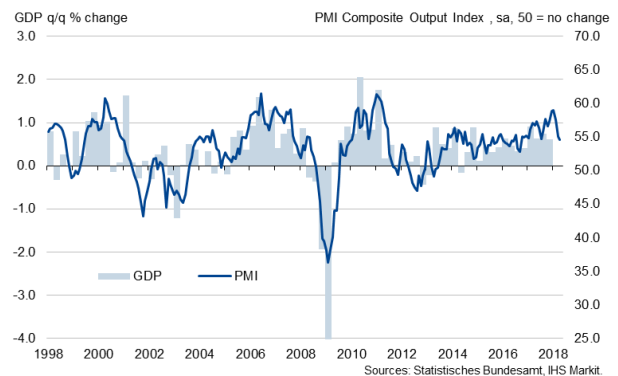
Service sector new orders showed the weakest rise since July last year, which contributed to a softening of firms' optimism towards the outlook. There was better news on the employment front however, with the pace of job creation ticking up to a three-month high.

The seasonally adjusted final **IHS Markit Germany Services PMI Business Activity Index** registered 53.0 in April, down from 53.9 in March (and a preliminary 'flash' estimate of 54.1) and its lowest since September 2016. The index has been above the 50.0 level that separates expansion from contraction for almost five years, recording an average of 54.3 over this period.

Broken down by category, the data showed slowdowns in activity across Financial Intermediation, Hotels & Restaurants and Other Services (including leisure activities as well as private health care and education). Post & Telecommunications saw the steepest expansion in output, followed by Renting & Business Activities and Transport & Storage respectively.

The weaker expansion in services business activity in April offset a slight pick-up in the rate of manufacturing output growth, which in March had hit a 15-month low. The final **IHS Markit Germany Composite Output Index** came in at a 19-month low of 54.6, down from March's 55.1 (and below a flash estimate of 55.3).

**IHS Markit Germany Composite PMI**



Order book growth in the service sector slowed for the third time in as many months in April, to show only a modest rise in new business that was one of the weakest seen over the past one-and-a-half years. Reports from some panellists pointed to client demand having cooled from recent elevated levels.

The surge in new work around the turn of the year has nevertheless resulted in sustained strong pressure on business capacity, and in April the level of outstanding work rose for the seventh time in the past eight months. Where backlogs were reported, firms often linked this to staff shortages.

Service providers increased their efforts to boost employment levels in April, with the rate of job creation picking up to its highest since January. Furthermore, workforce numbers rose on a broad-based basis by sub-sector.

However, April's survey showed service sector business confidence falling for a second consecutive month, from a seven-year peak in February. The degree of optimism shown towards the outlook for activity over the next 12 months reached the lowest since last November, although it remained well above the historical series trend level (since mid-1997).

On the price front, the latest survey data showed another marked rise in average charges in the service sector, with the rate of inflation ticking up since March to one of highest seen over the past seven years. Higher selling prices continued to reflect rising business costs, which in April increased at the fastest rate for three months amid reports from panellists of ongoing salary pressures.

## Comment

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

*“The final PMI reading for services activity changes the picture of the performance of the German economy at the start of the second quarter. Preliminary ‘flash’ data had shown output growth stabilising after hitting an eight-month low in March, but in fact there was a further loss of momentum across the private sector in April as the slowdown seen in the final data for services more than offset an upturn in goods output.*

*“It’s important to remember that the cooling seen since February comes on the back of the longest, and one of the strongest, periods of growth recorded in over two decades of data collection. Business conditions are still very healthy, and with firms still looking to boost capacity amid backlogs of work, the labour market is in good shape, too. April saw employment growth pick back up to the highest since the opening month of the year, driven by stronger recruitment in the service sector.”*

-Ends-

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**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 at least 75% of total PMI survey responses each month. The April flash was based on 74% 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 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>	-0.1	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.

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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>.

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