

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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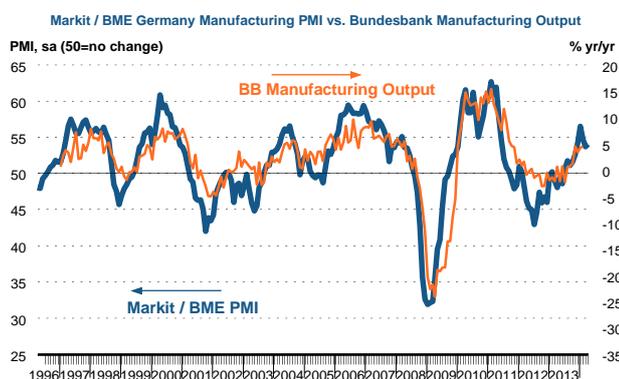
Markit/BME Germany Manufacturing PMI® – final data

Output increases at second-fastest rate since May 2011

Key points:

- Production growth accelerates despite weaker increase in new orders
- Job creation sustained in April
- Input costs fall at quickest pace in nine months

Historical overview:



Summary:

Operating conditions in Germany's manufacturing sector improved at a slightly sharper rate in April, with the final seasonally adjusted **Markit/BME Germany Manufacturing Purchasing Managers' Index®** (PMI®) – a single-figure snapshot of the performance of the manufacturing economy – rising from 53.7 in March to 54.1. The latest reading stretched the current sequence of growth to 10 months.

Following the trend observed since May last year, **output** rose during April, and the pace of expansion was the second-quickest in nearly three years. Sector data suggested that the sharpest rise in production was reported by intermediate goods companies, followed by investment goods producers. Survey participants attributed the rise to

improving economic conditions and increased order intakes.

New orders also rose in April, but the rate of growth eased to a five-month low. Nevertheless, the increase was sharp, with more than one-in-three panellists reporting fuller order books. Meanwhile, **new export work** also increased at a slower pace, with the latest rise the slowest since October last year.

With output and new orders rising, German manufacturers hired **additional workers** in April. Panel respondents commented that higher production requirements and expected growth in the coming months were some of the main reasons behind the increase in employment. Meanwhile, capacity pressures continued to build, with **backlogs** rising further.

German goods producers reported a further increase in **buying activity** in April. The rate of growth eased, however, to the weakest in six months. Some companies lowered their purchasing activity in an attempt to deliberately reduce inventories, while higher production requirements accounted for much of the overall rise.

April data pointed to a reduction in both **stocks of purchases** and **stocks of finished goods**, with the rates of decline the sharpest in four and 13 months, respectively.

On the price front, **input costs** fell to the largest extent in nine months, with companies commenting on successful price negotiations, increased competition among suppliers and lower prices for some raw materials. Concurrently, **output charges** were flat, following a slight reduction in March.

Finally, **suppliers' delivery times** deteriorated for the ninth month running in April, with companies commenting on increased workloads.

Comment:

Commenting on the final Markit/BME Germany Manufacturing PMI[®] survey data, **Oliver Kolodseike, economist at Markit** and author of the report said:

“Final PMI data signalled a slight acceleration in Germany’s manufacturing upturn in April, with production growth the second-sharpest in nearly three years. Despite robust output growth, companies were relatively cautious with regards to hiring efforts and buying activity. Employment continued to rise at a very moderate pace, while firms raised their purchasing activity to the weakest extent in six months, in part reflecting a slower expansion in new orders.

“New export business growth eased to a six-month low and input costs fell at the sharpest rate since July last year. The following months will show whether April’s weak export reading was only a temporary blip or if the appreciation of the euro is having a noticeable effect on client demand from export markets.”

-Ends-

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Notes to Editors:

The Germany Manufacturing PMI[®] (*Purchasing Managers’ Index*[®]) is produced by Markit Economics and is based on original survey data collected from a representative panel of over 500 companies based in the German manufacturing sector.

The **final** Germany Manufacturing 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 91% 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 Manufacturing PMI ⁽¹⁾	0.1	0.3

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.

1. *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.*

About Markit

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for 32 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.

About BME

BME is the German Association for Materials Management, Purchasing and Logistics, founded in 1954. It provides services for around 6,000 individual and corporate members, including small and medium-sized businesses as well as Germany's top 200 companies. The BME promotes a dialog between business and academia, both on the demand and the supply side, by providing the necessary networks for communication and knowledge exchange. The association is open to all company types from any sector (industry, trade, banking/insurance, public sector, service providers, etc.).

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