

## News Release

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

#### Marginal increase in output, as new orders contract in June

##### Key points:

- Production rises for second consecutive month, albeit marginally
- Renewed fall in new orders, after modest increase in May
- Employment declines at strongest pace since January

##### Historical overview:



Sources: Markit, BME, Bundesbank.

##### Summary:

German manufacturing business conditions continued to deteriorate in June, and at a faster pace than in May. Although output rose for the second month running, the rate of growth was only marginal and was alongside a renewed drop in new orders. Manufacturers reacted to the fall in new business by continuing to reduce their workforces and lowering their output charges at the sharpest rate in three-and-a-half years.

The final seasonally adjusted **Markit/BME Germany Manufacturing Purchasing Managers' Index® (PMI®)** – a composite indicator designed to provide a single-figure snapshot of the performance of the manufacturing economy – posted below the neutral 50.0 mark in June, indicating a deterioration in

manufacturing business conditions for the fourth month running. At 48.6, down from 49.4 in May and slightly below the earlier flash estimate of 48.7, the PMI suggested that the rate of contraction was modest overall.

Manufacturing output increased for the second consecutive month in June. However, the rate of growth was only marginal and slower than that recorded in May. Although there were few reports of production problems associated with recent floods, firms generally linked the weaker expansion to a renewed decline in incoming new work.

New order volumes received by manufacturers fell marginally in June. Panellists linked the decline – the third in the past four months – to lower client demand and weak economic conditions. New export orders meanwhile fell at the sharpest rate in 2013 to date, with respondents particularly seeing a reduction in new work from Asia and the rest of Europe.

Concurrently, companies continued to work through their existing orders, reducing backlogs for the third consecutive month, and depleted their stocks of finished goods further.

Manufacturing firms reduced the quantity of inputs bought in June, as well as depleted their stocks of purchases. The latest decline in input inventories was solid, despite being the weakest for nine months. Meanwhile, suppliers' delivery times shortened for the fifth consecutive month and to the greatest extent since August 2012. Anecdotal evidence suggested that there was spare capacity at some vendors.

Reflective of the weaker trend for new orders, manufacturers reduced their workforces for the third consecutive month in June. Almost 14% of panellists reported job losses, with the overall decline the strongest since January.

Input prices faced by manufacturers continued to fall markedly in June, with a number of companies in a better position to negotiate discounts with suppliers. The reduction in costs provided some room for firms to lower their output charges, especially amid reports of stronger competitive pressures. Overall, average selling prices fell strongly over the month, and at the sharpest rate since December 2009.

#### Comment:

Commenting on the final Markit/BME Germany Manufacturing PMI<sup>®</sup> survey data, **Mark Wingham**, **economist at Markit** and author of the report said:

*“The German manufacturing sector appears to have remained in the doldrums in June, with a renewed drop in new orders acting as a drag on output growth. Weak market conditions, particularly in key export destinations, and stronger competitive pressures were behind the latest decline in new business, despite manufacturers reducing their selling prices at the sharpest rate in three-and-a-half years.*

*“Although there was little anecdotal evidence to suggest manufacturing was severely affected by recent floods in June, the effect may be more pronounced in the coming months. Therefore, manufacturing may continue its downward trend as we move into the second half of the year, with the headline index having already deteriorated in Q2 as a whole compared to Q1.”*

-Ends-

#### For further information, please contact:

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#### Notes to Editors:

The Germany Manufacturing PMI<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) 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 June flash was based on 77% 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 <sup>(1)</sup>	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](mailto: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**

Markit is a leading global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see [www.markit.com](http://www.markit.com)

#### **About PMIs**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://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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