

News Release

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

Manufacturing growth regains momentum

Key findings:

- PMI rebounds from July's five-month low to 59.3
- Stronger increases in output and new orders
- Fastest growth of new export business since May 2010

Data collected August 11-23

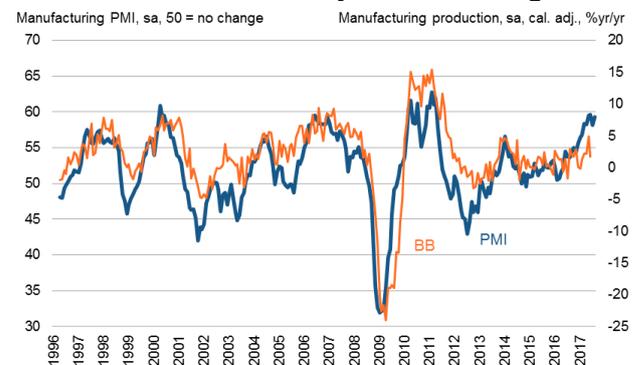
German manufacturing posted a stronger performance in August following July's slight loss of momentum, according to the latest PMI® survey data from IHS Markit and BME. Overall operating conditions improved at a pace close to the six-year highs seen in May and June. Output, new orders and new export business all rose more sharply than in July, with the latter expanding at the fastest rate since May 2010. Suppliers remained under pressure, with lead times lengthening to the greatest extent since April 2011.

The headline IHS Markit/BME Germany Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI rose to 59.3 in August, from July's five-month low of 58.1. This was the third-highest level since April 2011, and signalled a marked overall improvement in manufacturing business conditions in the manufacturing sector of the eurozone's largest economy. The upward movement in the PMI reflected faster increases in output and new orders as well as a greater lengthening in suppliers' delivery times. The current 33-month period of overall growth is the second-longest in the 21-year survey history.

The volume of new orders received by German manufacturers rose for the thirty-third successive month in August. The rate of expansion quickened from July and was the third-strongest since April

IHS Markit / BME Germany Manufacturing PMI



Sources: IHS Markit, Bundesbank.

2011, driven by the intermediate goods sector. Notably, new export orders rose at the fastest pace since May 2010. Strong demand from Asian markets was reported.

Manufacturers raised output to meet order books. The rate of growth rebounded since July and was the third-fastest since January 2014. This reflected the trends in the intermediate and investment goods sectors, as growth of consumer goods output slowed. Meanwhile, employment and purchasing continued to expand at historically sharp rates.

Despite the faster rise in production, backlogs of work increased at the strongest pace since April 2011. This partly reflected growing pressure on supply chains, as input delivery times lengthened to the greatest extent since the same period. Post-production stocks declined at a sharper rate as a result.

August data signalled stronger inflationary pressures in the manufacturing sector. Input price inflation rose to a three-month high, albeit one that was weaker than those seen between December 2016 and May 2017. Meanwhile, output prices increased at a rate that almost equalled February's 68-month record.

Manufacturers remained strongly optimistic regarding expected future output levels. The strength of sentiment remained among the highest registered since the series began in mid-2012.

Comment

Commenting on the final IHS Markit/BME Germany Manufacturing PMI[®] survey data, **Trevor Balchin**, Director, Economics at IHS Markit said:

“The PMI rose for the third time in four months in August, following a brief correction in July. At 59.3, the headline figure was the third-highest since April 2011. Output and new orders increased at faster rates, while employment growth remained historically sharp.”

“Capacity pressures continued to build as suppliers’ delivery times lengthened to the greatest extent since April 2011 and backlogs rose at one of the fastest rates in the survey history.”

“The final manufacturing data for August support IHS Markit’s view that economic growth in Germany will be stronger than previously expected in 2017. IHS Markit now expects calendar-adjusted GDP growth to reach 2.3% in 2017 and 2.1% in 2018.”

-Ends-

New Export Orders Index

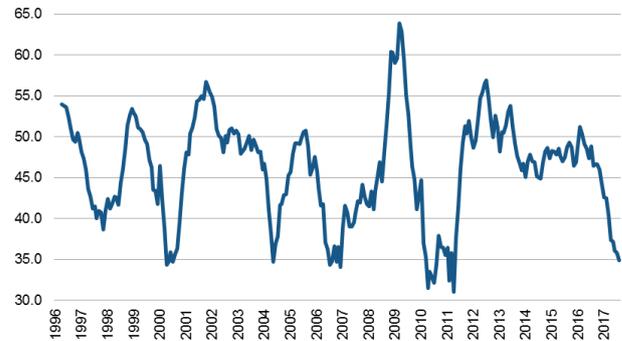
New Export Orders Index, sa, 50 = no change



Source: IHS Markit.

Suppliers' Delivery Times Index

Suppliers' Delivery Times Index, sa, 50 = no change



Source: IHS Markit.

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Note to Editors:

The Germany Manufacturing PMI® (Purchasing Managers' Index®) 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 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 August flash was based on 92% 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 ³	0.0	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.

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.

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?"

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