

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

Services activity growth eases to five-month low in June

Key findings:

- Final Germany Services PMI Activity Index⁽²⁾ at 54.0 (55.4 in May). 5-month low.
- Final Germany PMI Composite Output Index⁽¹⁾ at 56.4 (57.4 in May). 4-month low.

Data collected June 12-27

The German service sector continued to expand solidly in June, according to the latest *PMI*® survey data from IHS Markit. Total activity, new business and employment all increased at rates that were in excess of their respective long-run survey averages, albeit slower than in May. Output grew at the softest rate in five months. The latest survey data also signalled the weakest rise in average input costs since September 2016.

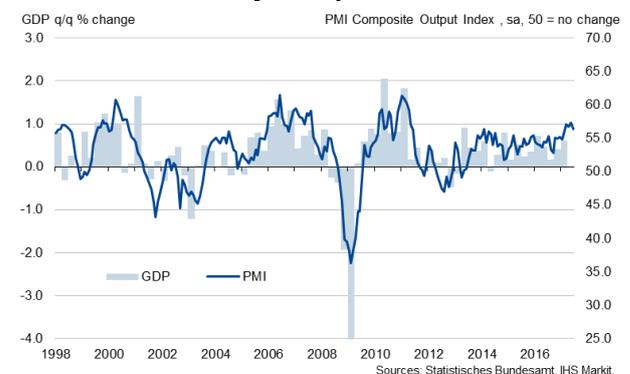
The seasonally adjusted **IHS Markit Germany Services PMI Business Activity Index** remained well above the no-change mark of 50.0 in June, signalling ongoing growth of output at German service providers. The headline figure was above its long-run average of 53.2 but weakened from May's 55.4 to 54.0, indicating the slowest expansion since January.

The seasonally adjusted **IHS Markit Germany Composite PMI Output Index** fell to 56.4 in June, from 57.4 in May. This signalled the weakest growth of private sector output since February, albeit still one of the sharpest rates in six years. **Manufacturing output** increased at the second-fastest pace since April 2011.

By services sub-sector, growth of business activity was registered in Financial Intermediation, Renting & Business Activities and Transport & Storage, with the sharpest increase seen in Financial Intermediation. In contrast, Post & Telecommunication and Hotels & Restaurants both recorded declines in activity.

New business received by German service providers increased in June, extending the current sequence of expansion to two-and-a-half years.

IHS Markit Germany Composite PMI



This marked the longest period of uninterrupted growth in nearly a decade. That said, the rate of expansion was the slowest since September 2016.

Although new business intakes increased more slowly in June, the level of outstanding work grew for the first time in three months. This mainly reflected marked growth of backlogs in the Financial Intermediation sub-sector. That said, the overall rise in work outstanding was only marginal.

German services employment increased for the forty-fourth successive month in June. Firms linked hiring to new business wins, expanded product offerings and attempts to boost capacity. That said, the rate of growth in workforces slowed for the third month running to a 14-month low.

June survey data signalled a further easing in cost pressures faced by German service providers. The rate of input price inflation eased for the third consecutive month to the weakest since September 2016, and was broadly in line with the long-run survey average. Meanwhile, prices charged by service providers increased at the slowest rate in eight months.

Business expectations remained strongly positive in June, despite moderating since May. Exactly 30% of respondents reported anticipated growth in business activity over the next 12 months, linked to

investment in new business lines, enquiries and marketing efforts.

Comment

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

“The PMI data rounded off the second quarter signalling further strong growth in German private sector output. The Composite Output Index eased slightly to a four-month low of 56.4 but the quarterly average for Q2 2017, at 56.8, was the highest in six years. The final June figure was also above the earlier flash estimate of 56.1. IHS Markit’s full-year forecast for 2017 GDP growth currently stands at 2.0% in calendar-adjusted terms, the strongest since 2011.

“The latest results confirmed a growing performance gap between manufacturing and services, however. The goods-producing sector continued to outperform, with output growth outpacing that seen in services for the twelfth time in the past 13 months.”

-Ends-

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Note to Editors:

The Germany Services 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 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 June 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 June flash was based on 85% 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	0.0	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.

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 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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