

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

**Slowest rise in services output since September 2016**

**Key findings:**

- Final Germany Services PMI Activity Index<sup>(2)</sup> at 53.1 (54.0 in June). 10-month low.
- Final Germany PMI Composite Output Index<sup>(1)</sup> at 54.7 (56.4 in June). 10-month low.

Data collected July 12-26

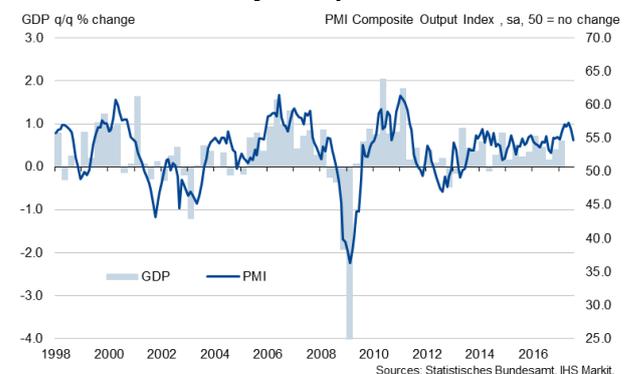
The German service sector continued to expand in July, according to the latest PMI<sup>®</sup> survey data from IHS Markit. That said, the rates of growth in both total business activity and new contracts were the slowest in ten months. More positively, employment increased at a faster pace and firms remained strongly confident regarding the outlook for business activity. Price pressures strengthened slightly in the latest survey.

The seasonally adjusted final **IHS Markit Germany Services PMI Business Activity Index** remained above the no-change mark of 50.0 in July, signalling ongoing growth of output at German service providers. The headline figure posted 53.1, down from 54.0 and the lowest since September 2016. It has fallen three times in the past four months, and was broadly in line with its long-run trend level of 53.2 in the latest period. Activity has risen every month since June 2013.

The seasonally adjusted final **IHS Markit Germany Composite PMI Output Index** fell for the second straight month to 54.7 in July, from 56.4 in June. This signalled the weakest growth of private sector output since September 2016, albeit one that remained stronger than the long-run series average. **Manufacturing output** increased at the slowest pace in six months.

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

**IHS Markit Germany Composite PMI**



New business received by German service providers increased in July, extending the current sequence of expansion to just over two-and-a-half years. That said, the rate of expansion slowed for the third time in four months to the weakest since September 2016.

The level of outstanding work grew for the second consecutive month in July, despite the slower increase in new business. The rate of growth was unchanged from June's marginal pace, however, and mainly reflected higher backlogs in the Financial Intermediation sector.

German services employment increased for a survey-record forty-fifth successive month in July. Firms reported hiring new staff, including apprentices, to meet business requirements. The rate of growth in workforces strengthened since June and was strong overall. Job creation was sharpest in the Transport & Storage sub-sector.

July survey data signalled an intensification of cost pressures faced by German service providers. The rate of input price inflation accelerated since June and was stronger than the long-run survey average. Meanwhile, prices charged by service providers also increased at a faster rate than in June, albeit the second-slowest in nine months.

Business expectations remained strongly positive in July, despite moderating further from May's recent

peak. Firms linked positive sentiment to new projects, an improving economy, new customers and investments.

## Comment

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

*“The final PMI data for July confirmed the earlier flash estimate of slower German growth at the start of the second half of the year. The Composite Output Index fell to a ten-month low of 54.7 and new business expansion was the weakest since January.*

*“That said, the overall picture is one of solid underlying growth. The easing seen in July follows the strongest quarter in six years in Q2, and manufacturing continued to expand at a historically sharp rate. Private sector employment growth quickened slightly and the outlook for activity remained firmly positive.*

*“IHS Markit’s full-year forecasts for GDP growth in both 2017 and 2018 remain at 2.0% in calendar-adjusted terms, the strongest since 2011.”*

-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 July flash was based on 73% 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 July flash was based on 82% 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>	0.0	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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**About PMI**

Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) surveys are now available for over 30 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/product/pmi](http://www.markit.com/product/pmi).

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