

News Release

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

German manufacturing conditions continue to improve markedly

Key findings:

- PMI rises to 74-month high
- Fastest growth in new orders since March 2011
- Input price inflation slows to seven-month low

Data collected June 12-23

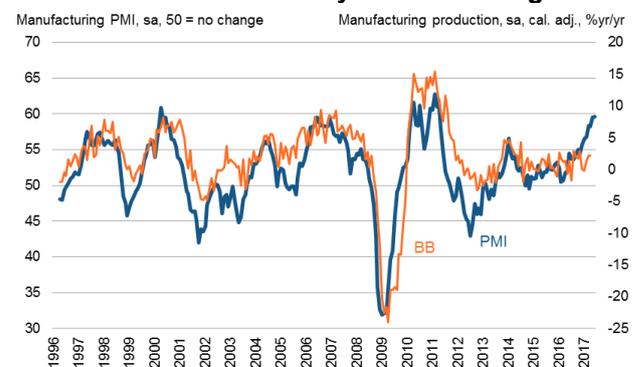
The German manufacturing sector continued to grow at the strongest rate in over six years mid-way through 2017, according to the June *PMI*® survey data from IHS Markit and BME. Overall operating conditions improved at the strongest pace since April 2011. Moreover, the 12-month outlook for production remained strongly positive. Meanwhile, input prices rose at the slowest pace in seven months, albeit one that remained strong overall.

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 for the sixth time in seven months in June, posting 59.6, up from 59.5 in May. This signalled the strongest overall improvement in manufacturing business conditions in Germany since April 2011. The upward movement in the PMI reflected a faster rise in new orders and a greater lengthening in supplier delivery times, while growth of output and employment remained strong despite easing slightly since May. The current 31-month period of overall growth in the goods-producing sector is the second-longest in the 21-year survey history.

The volume of new orders received by German manufacturers increased at the fastest rate since March 2011 in June. The rate of expansion has accelerated six times in the past seven months. That said, the rate of growth in new export business

IHS Markit / BME Germany Manufacturing PMI



Sources: IHS Markit, Bundesbank.

eased from May's seven-year high.

Production growth was only fractionally slower than May's 73-month record. The current 50-month sequence of continuous expansion in output is the longest observed since the survey began in April 1996. By sub-sector, the sharpest increase was registered in the investment goods category.

There was a further marked increase in manufacturing employment in Germany in June. The rate of job creation was little-changed from May's six-year high. Despite this expansion in capacity, backlogs of work increased at the fastest rate since April 2011.

Purchasing activity rose at the second-fastest rate in over six years in June. This placed additional demands on suppliers, whose delivery times lengthened to the greatest extent since April 2011. This subsequently pressurised manufacturers' input stocks, which declined at the sharpest rate in nine months.

Average input costs continued to rise sharply in June, linked to greater raw material prices. That said, the rate of inflation slowed further to a seven-month low. Output price inflation quickened and was the second-fastest since July 2011.

Output expectations strengthened in June. The

degree of sentiment was the sharpest since January 2014, and the second-best in the five-year series history. Some firms forecasted stronger demand from Asian and Middle Eastern markets.

Comment

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

“German manufacturers turned out another impressive performance in June with the PMI rising for the sixth time in seven months to the highest since April 2011. Over the second quarter as a whole the PMI trended at 59.1, the highest quarterly average since Q1 2011. The latest PMI data therefore strongly suggest that the manufacturing sector will continue to boost German GDP in the second quarter.”

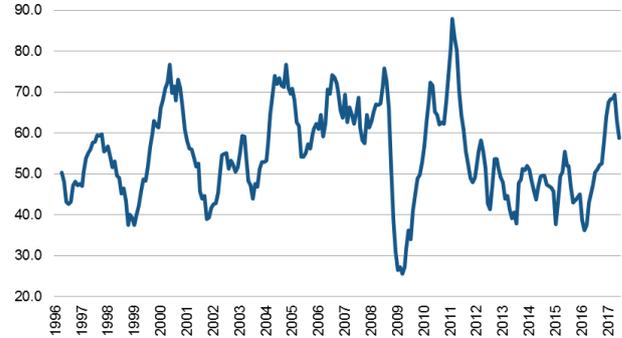
“Although output growth held broadly steady and job creation eased slightly since May, the expansion in new orders accelerated further. Suppliers remained under intense pressure with input delivery times lengthening to the greatest extent since April 2011.”

“Input price inflation slowed for the second month running to the weakest since November 2016, but remained stronger than the 21-year survey trend level. Output prices increased at the sharpest rate since February.”

-Ends-

Input Prices Index

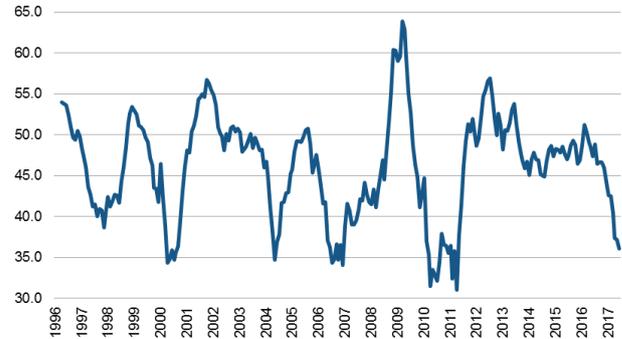
Input Prices Index, sa, 50 = no change



Source: IHS Markit.

Suppliers' Delivery Times Index

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



Source: IHS Markit.

For further information, please contact:

IHS Markit

Trevor Balchin, Senior Economist
Telephone +44-1491-461-065
Email: trevor.balchin@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44207 260 2234
Email joanna.vickers@ihsmarkit.com

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 June flash was based on 95% 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 [®]	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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About PMI

Purchasing Managers' Index[®] (PMI[®]) 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.

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