

**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)**

**Services business activity growth rebounds to four-month high in June**

**Key findings:**

- Final Germany Services PMI Activity Index<sup>(2)</sup> at 54.5 (52.1 in May). 4-month high.
- Final Germany Composite PMI Output Index<sup>(1)</sup> at 54.8 (53.4 in May). 3-month high.

Data collected June 12-26

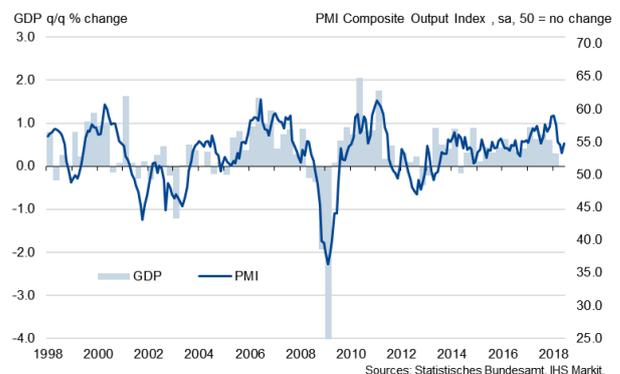
Germany's service sector ended the second quarter on a stronger footing, with business activity growth recovering from May's 20-month low to the sharpest since February. New business and employment also increased at faster rates, with these positive developments coinciding with an improvement in business confidence. There were also signs of stronger inflationary pressures as output prices rose at one of the quickest rates in the survey's 21-year history.

The seasonally adjusted final **IHS Markit Germany Services PMI Business Activity Index** registered 54.5 in June. This represented a notable rebound from a 20-month low of 52.1 in May, when business activity had been affected by the timing of public holidays, and also an improvement on the 'flash' estimate (53.9). The latest reading signalled the strongest rate of growth since February, but one that was still well below the highs seen at the start of the year.

By sector, the strongest performer remained Post & Telecommunications. The data also showed robust gains in activity across Hotels & Restaurants, Financial Intermediation and Transport & Storage. Renting & Business Activities maintained a steady solid rate of expansion, while Other Services – which includes health, education and recreational activities – remained close to stagnation.

The final **IHS Markit Germany Composite Output Index** meanwhile ticked up to 54.8 in June from 53.4 in May. That was despite the pace of manufacturing production growth having slowed for the fifth time in the past six months to the weakest since November 2016.

**IHS Markit Germany Composite PMI**



The upturn in performance in the service sector in June was partly driven by stronger inflows of new business, which survey evidence suggested was underpinned by firmer domestic demand. The rate of new business growth was the quickest seen since January, having recovered from a 20-month low in May.

Service providers upped the rate of job creation in June, with employment rising to the greatest extent since January. Surveyed firms reported taking on additional staff to be able to meet higher demand. A fourth straight monthly increase in backlogs of work indicated that capacity in the services economy remained stretched.

As well as showing an improvement in current conditions in June, latest survey data also indicated a pick-up in service providers' confidence towards activity in the next 12 months, with planned investments, prospective new products and higher staff numbers all expected to support growth. That said, the extent of the rebound in business confidence was only modest, and the degree of optimism was still the second-lowest in the past seven months.

Elsewhere, June saw price pressures intensify across the service sector. Businesses raised output charges to the greatest extent since January amid

the pass-through of higher costs. Input price inflation likewise accelerated to a five-month high, with the survey highlighting upward pressure from fuel prices and salaries.

## Comment

Commenting on the final *PMI*® survey data, **Phil Smith**, Principal Economist at IHS Markit said:

*“The service sector showed renewed vigour at the end of the second quarter, with the final PMI data indicating an even stronger rebound in business activity growth than was signalled by the earlier ‘flash’ estimate.*

*“June’s increase in activity in the largely domestically-focussed service sector was the steepest seen since February and strong enough to offset a further loss of momentum across manufacturing, where slowing global trade has weighed on growth.*

*“There was more good news for the German labour market in June as the rate of service sector employment growth picked up to the fastest since January. An expanding workforce base represents another factor supporting household spending, alongside upward wage pressures and still-elevated consumer confidence.”*

-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 June flash was based on 76% 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 86% 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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Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) surveys are now available for over 40 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 <https://ihsmarkit.com/products/pmi.html>.

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