

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

Growth of services output picks up in August

Key findings:

- Final Germany Services PMI Activity Index⁽²⁾ at 53.5 (53.1 in July). 2-month high.
- Final Germany PMI Composite Output Index⁽¹⁾ at 55.8 (54.7 in July). 2-month high.

Data collected August 11-25

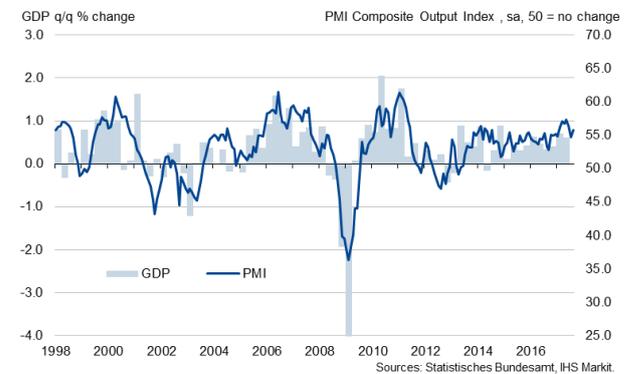
The German service sector remained in expansion mode in August, according to the latest *PMI*® survey data from IHS Markit. Moreover, rates of growth in both total business activity and new contracts picked up from ten-month lows in July. Less positively, employment growth eased to a 16-month low and business expectations were the weakest in 2017 so far. Price pressures strengthened to a five-month high 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 August, signalling ongoing growth of output at German service providers. The headline figure posted 53.5, up from July's ten-month low of 53.1, signalling solid growth. It was the first month-on-month increase in the index since March, and took it slightly above its long-run trend level of 53.2. Activity has risen in every month since June 2013.

The seasonally adjusted final **IHS Markit Germany Composite Output Index** remained above the no-change mark of 50.0 in August, signalling ongoing growth of output at German private sector firms. The headline figure posted 55.8, up from July's ten-month low of 54.7, signalling strong growth. Manufacturing output rose at the third-fastest rate since January 2014.

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 &

IHS Markit Germany Composite PMI



Restaurants and Other Services all recorded further declines in activity.

New business received by German service providers increased in August, extending the current sequence of expansion to 32 months. The rate of growth accelerated since July and was solid overall, albeit the second-weakest since January.

The level of outstanding work fell in August, following a two-month period of modest growth. The rate of decline was only marginal, however, and higher backlogs were reported in the Financial Intermediation and Renting & Business Activities sectors.

German services employment increased for a survey-record forty-sixth successive month in August, linked to stronger demand. The rate of growth in workforces weakened to a 16-month low, but remained strong overall. Job creation was sharpest in the Transport & Storage sub-sector.

Cost pressures faced by German service providers sharpened slightly in August. The rate of input price inflation accelerated to a five-month high and was stronger than the long-run survey average. Similarly, prices charged by service providers increased at the fastest rate since March.

Service sector business expectations remained strongly positive in August, despite moderating

further from May's recent peak to an eight-month low. Firms linked positive sentiment to new services, new customers and improving consumer confidence.

Comment

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

"The final PMI data for August confirmed the earlier flash estimate of a partial rebound in German growth following a slowdown in July. The Composite Output Index rose to 55.8 and new business expansion also strengthened.

"The latest PMI data follow the official estimate of GDP expansion in the second quarter of 0.6% qr/qr and an upward revision for the first quarter to 0.7% qr/qr. Moreover, full-year growth in 2016 was also revised up to 1.9% in calendar-adjusted terms.

"IHS Markit has increased its growth forecasts for 2017 and 2018 to 2.3% and 2.1% respectively (calendar-adjusted)."

-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 August 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 August 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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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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