

## News Release

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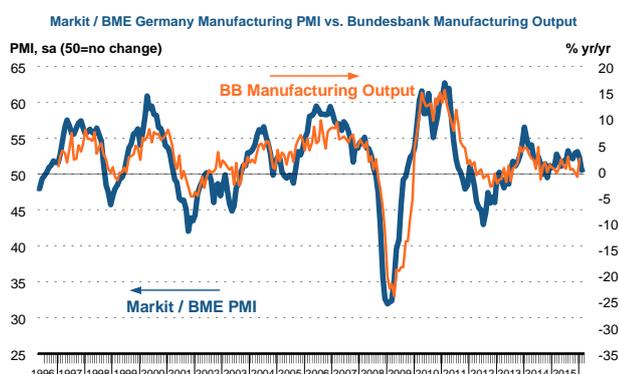
# Markit/BME Germany Manufacturing PMI® – final data

## Manufacturing growth remains subdued in March

### Key points:

- Headline PMI barely rises from February's 15-month low
- Output and new business increase slightly, but employment falls for second month running
- Input costs continue to decline sharply

### Historical overview:



Sources: Markit, BME, Bundesbank.

### Summary:

German manufacturing companies reported further lacklustre growth at the end of the first quarter. This was signalled by the final seasonally adjusted **Markit/BME Germany Manufacturing Purchasing Managers' Index®** (PMI®) – a single-figure snapshot of the performance of the manufacturing economy – posting 50.7, little-changed from February's 50.5 and the second-weakest in 16 months. Moreover, the average PMI reading over the first quarter as a whole (51.2) was the worst since the final quarter of 2014.

**Production** growth was maintained at German manufacturers in March, thereby extending the current spell of continuous expansion to 35 months. Panellists linked increased output to the processing of backlogs and higher new orders. However, the

pace of expansion was slight and below the average over the aforementioned period.

The amount of **new business** placed with manufacturers rose further during March, but the latest increase was the least marked in eight months. Sector data suggested that intermediate goods producers recorded a decline in new work, while growth was reported in the consumer and investment goods sub-sectors. Much of the rise in total new business was attributable to the domestic market, as **new export orders** almost stagnated.

With new order growth slowing further, companies lowered their **workforce numbers** for a second month running during March. However, the rate of job cuts was only marginal overall and panellists linked this to the expiration of temporary contracts. Meanwhile, **backlogs of work** continued to accumulate, with the rate of increase up slightly since February.

German manufacturers raised their **purchasing activity** marginally during March, with the rate of increase little-changed from that seen in February.

Meanwhile, planned destocking and subdued demand resulted in a further decline in **pre-production inventory** holdings in March. The rate of reduction slowed slightly since February. **Stocks of finished goods** also fell during the month, albeit only fractionally.

**Input costs** fell further during the month, and at one of the sharpest rates since 2009. Panel members attributed this to low prices for energy and raw materials. Consequently, companies continued to lower their **selling prices**. The rate of reduction was the most marked in over six years.

**Suppliers' delivery times** improved for the second straight month in March, although at a weaker rate than in February and only fractional overall.

### Comment:

Commenting on the final Markit/BME Germany Manufacturing PMI<sup>®</sup> survey data, **Oliver Kolodseike, economist at Markit** and author of the report said:

*“German manufacturers ended their worst quarter in over a year in March, with overall growth in the sector slowing to a crawl. Although production growth was maintained, the pace of expansion was little-changed from February’s 14-month low. With new business growth slowing further and workforce numbers falling for a second month running, it is likely that output growth will remain sluggish in coming months.*

*“There are also signs that Germany’s export-oriented manufacturing sector is struggling in a challenging global economic environment, with new business from abroad barely rising in March.*

*“Low energy and raw material prices continued to push overall input costs down further, adding to signs that deflationary pressures may persist for some time. Price discounting also intensified, with manufacturers reducing their charges to the greatest extent since the end of 2009.”*

-Ends-

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### Notes to Editors:

The Germany Manufacturing PMI<sup>®</sup> (*Purchasing Managers’ Index*<sup>®</sup>) is produced by Markit Economics and is based on original survey data collected from a representative panel of over 500 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 March flash was based on 92% 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 <sup>(1)</sup>	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.

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 Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

1. 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.

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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/economics](http://www.markit.com/economics).

#### **About BME**

BME is the German Association for Materials Management, Purchasing and Logistics, founded in 1954. It provides services for around 6,000 individual and corporate members, including small and medium-sized businesses as well as Germany's top 200 companies. The BME promotes a dialog between business and academia, both on the demand and the supply side, by providing the necessary networks for communication and knowledge exchange. The association is open to all company types from any sector (industry, trade, banking/insurance, public sector, service providers, etc.).

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