

# News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:30 (UK Time) 23 October 2014**

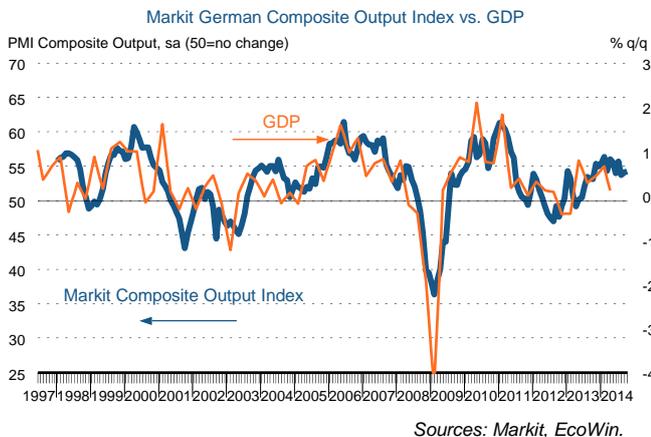
## Markit Flash Germany PMI®

### Output growth maintained as manufacturing strengthens

#### Key points:

- Flash Germany Composite Output Index<sup>(1)</sup> at 54.3 (54.1 in September), 3-month high.
- Flash Germany Services Activity Index<sup>(2)</sup> at 54.8 (55.7 in September), 4-month low.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 51.8 (49.9 in September), 3-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 53.3 (51.0 in September), 3-month high.

#### Historical overview:



#### Summary:

The seasonally adjusted **Markit Flash Germany Composite Output Index** rose marginally from September's 54.1 to 54.3 in October, thereby extending the current sequence of private sector output growth to a year-and-a-half. When asked to comment on activity growth, panellists often mentioned higher order intakes and new contract wins.

Encouragingly, **manufacturing** growth picked up in October, with the pace of expansion the fastest in three months. However, growth remained well below the levels seen at the start of the year. Meanwhile, **services** output rose at a slightly weaker, albeit still robust, rate.

German private sector companies reported a

further rise in **new business** in October, but the rate of growth in new work eased for the fifth month running and was the weakest in just over a year. While some panellists linked slower growth to the Russian sanctions and increased competition, higher new export business and the introduction of new products supported the overall rise. Manufacturing orders stabilised in October, having fallen in the previous month.

With activity and new orders rising further, companies were encouraged to hire additional **workers**. The rate of job creation in the goods-producing sector was the strongest in nearly three years, but service sector employment growth was the weakest for seven months.

As has been the case since May, German private sector firms were able to further reduce their **backlogs** and partly linked this to weaker new order growth. However, the rate at which work outstanding fell was only marginal.

**Input prices** continued to increase during October, largely driven by higher staff costs in the service sector. Manufacturers, on the other hand, reported a further decline in costs. That said, the overall rate of cost inflation picked up slightly since September.

Despite higher input prices, **charges** fell for the first time since June last year, thereby squeezing on companies' profit margins. Anecdotal evidence suggested that firms lowered their output prices amid increased competitive pressures.

In the **goods-producing sector**, companies signalled a further deterioration in **suppliers' delivery times**. The rate at which lead times lengthened eased, however, and was the slowest in over a year. Meanwhile, **stocks of purchases** rose at the strongest rate since February.

**Service providers** reported a sharp drop in **confidence** in October, with the level of positive sentiment the weakest in nearly two years. Survey participants commented on economic risks in Southern Europe, slower new order growth and a subdued business climate.

**Comment:**

**Oliver Kolodseike, Economist at Markit** and author of the Flash Germany PMI®, said:

*“The latest flash PMI results suggest that Germany’s private sector economy expanded at the start of the fourth quarter. Activity increased at a slightly stronger rate than in September and encouraged companies to take on additional workers. However, margins were under pressure, as companies reduced their charges despite rising input costs. Our panellists reported that they reduced their charges in a response to increased competitive pressures.*

*“While the service sector remained the driving force in terms of output growth, manufacturing recovered some of the ground it had lost last month, with the headline PMI edging back into expansion territory and signalling an improvement in operating conditions in the sector.*

*“However, there are still some uncertainties about the near-term. New orders increased at the slowest pace in over a year and service providers reported a sharp drop in sentiment, suggesting that output growth may come under pressure in coming months.”*

-Ends-

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**Note to Editors:**

Final October data are published on 3 November for manufacturing and 5 November for services and composite indicators.

The Germany PMI (Purchasing Managers' Index) is produced by Markit and is based on original survey data collected from a representative panel of 1000 companies based in the German manufacturing and service sectors. The **flash** estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI 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>	-0.1	0.4
Germany Manufacturing PMI <sup>(3)</sup>	0.0	0.3
Germany Services Business Activity PMI Index <sup>(2)</sup>	-0.2	0.7

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).

## 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?"

## About Markit

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## About PMI

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for 32 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).

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