

## News Release

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

#### Manufacturing sector shows sustained strong growth at start of 2018

##### Key findings:

- Headline PMI retreats from December's record high, but remains buoyant
- Output, new orders and employment all show slower but still strong growth
- Input price and output charge inflation reach the highest since April 2011

Data collected January 12-24

Germany's manufacturing sector enjoyed a strong start to 2018, despite seeing a softer pace of growth than the record performance in December, according to the latest *PMI*<sup>®</sup> survey data from IHS Markit and BME. Price pressures were meanwhile shown to be the highest since early-2011, driven by rising commodity prices and capacity constraints in supply chains.

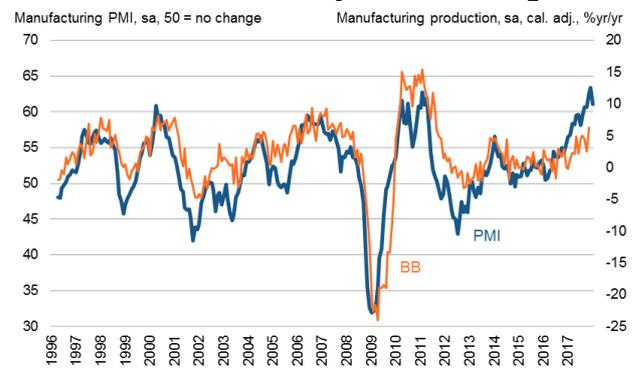
The final **IHS Markit/BME Germany Manufacturing PMI** – a single-figure snapshot of the performance of the manufacturing economy – registered 61.1 in January, down from a survey-record high of 63.3 in December but still signalling one the greatest improvements in overall business conditions since the survey began in 1996.

Although easing to a three-month low in January, the rate of output growth at German factories remained strong and faster than at any other time since April 2011. Furthermore, there were sharp increases in overall production levels across each of the three main industry groupings covered by the survey: consumer, intermediate and investment.

Echoing the trend seen in output, the rate of new order growth moderated from December's recent peak but remained marked overall. This was likewise the case for export sales, which showed the smallest gain since August last year, but still rose sharply in the context of the longer-term trend.

Capacity pressures remained a feature in the latest survey, with a further steep rise in backlogs of work

##### IHS Markit / BME Germany Manufacturing PMI



Sources: IHS Markit, Bundesbank.

during the month highlighting the degree strain on factories. Goods producers raised employment levels accordingly, with January seeing a steep increase in payroll numbers that continued the best sequence of job creation seen since 2011.

Supply chains were also stretched during the month, with manufacturers noting a considerable increase in average delivery times for purchased items. The extent of the deterioration in supplier performance was one of the greatest on record, surpassed only by that seen a month earlier.

Manufacturers' stocks of purchases increased for a seventh straight month in January amid attempts to safeguard against delivery delays. Although slightly weaker than in December, the rate of accumulation remained solid and among the fastest ever recorded by the survey. Stocks of finished goods, on the other hand, returned to contraction, having rose slightly and for the first time in eight months in December.

January's survey showed an intensification of the cost pressures faced by manufacturers, with purchase price inflation accelerating to its highest in nearly seven years. Supportive demand conditions enabled firms to pass on some of the burden in the

form of higher factory gates charges, which likewise rose to the greatest extent since early-2011.

Finally, manufacturers' expectations towards the outlook for output remained strongly optimistic, albeit slightly less so than in December.

### Comment

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

*“The Manufacturing PMI remains in very positive territory in the context of the survey’s history, notwithstanding the downtick from December’s record high. Factories continue to ramp up production at a pace rarely seen over the past two decades of collection, and the sustained strong rate of job creation suggests there’s appetite for further capacity expansion amid a positive outlook for the year ahead.*

*“A key insight from the latest survey was a pick-up in price pressures to the highest seen since early-2011, as a continued supply-side squeeze inflated purchasing costs and prices charged at the factory gate.*

*“It remains to be seen whether the record high at the end of 2017 represents the peak of the current cycle, but the intensification of price pressures will inevitably cause some drag on demand, while the euro’s recent gain against the dollar may weigh on exports.”*

-Ends-

### New Export Orders Index

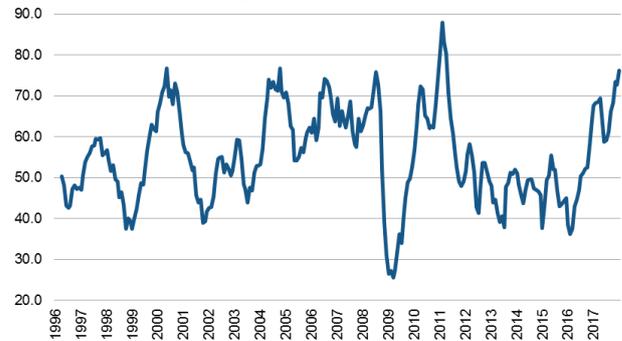
New Export Orders Index, sa, 50 = no change



Source: IHS Markit.

### Input Prices Index

Input Prices Index, sa, 50 = no change



Source: IHS Markit.

**For further information, please contact:**

**IHS Markit**

Phil Smith, Principal Economist  
Telephone +44-1491-461-009  
Email: [phil.smith@ihsmarkit.com](mailto:phil.smith@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44207 260 2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Note to Editors:**

The Germany Manufacturing 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 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 January flash was based on 96% 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>®</sup>	0.0	0.3

The *Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)* 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<sup>®</sup> 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 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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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 [ihsmarkit.com/products/pmi](http://ihsmarkit.com/products/pmi).

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