

News Release

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

Manufacturing growth eases in July but remains strong

Key findings:

- PMI at five-month low of 58.1
- Slowest rise in output since January
- Suppliers' delivery times continue to lengthen substantially

Data collected July 12-24

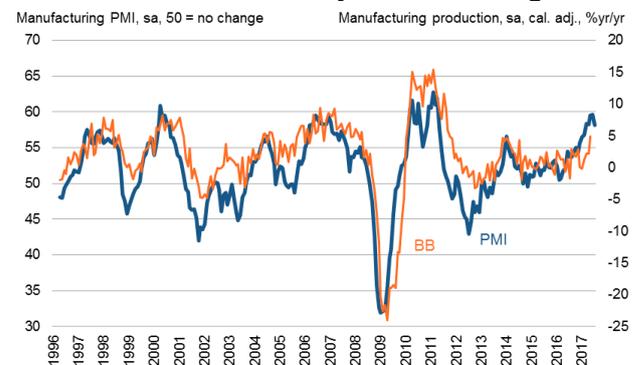
German manufacturing remained in a strong expansionary phase at the start of the second half of 2017, according to the July PMI® survey data from IHS Markit and BME. Overall operating conditions improved at the softest pace in five months, albeit one that was still stronger than in any other period since April 2011. Output, new orders and employment all rose more slowly than in June, but at rates that were nonetheless strong. Suppliers remained under pressure, with lead times lengthening to the greatest extent since April 2011.

The headline IHS Markit/BME Germany Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI remained well above 50.0 in July at 58.1, down from 59.6 in June. This signalled a marked overall improvement in manufacturing business conditions, albeit the weakest since February. The downward movement in the PMI reflected softer increases in output, new orders and jobs, countered partially by higher input stocks and a greater lengthening in suppliers' delivery times. The current 32-month period of overall growth is the second-longest in the 21-year survey history.

New business growth remained elevated. After having accelerated six times in the previous seven months, the rate of growth moderated to a five-month low in July but remained among the

IHS Markit / BME Germany Manufacturing PMI



strongest seen over the past six years. New export orders continued to rise sharply, with demand reported from European and Asian (notably China) markets.

Production growth eased for the second month running to a six-month low, but remained strong. The current 51-month sequence of expansion is the longest observed since the survey began in April 1996. By sub-sector, the sharpest increase was registered in the consumer goods category.

The rate of growth in purchasing activity remained sharp in July, placing further pressure on supply chains. The degree to which input delivery times lengthened was the greatest since April 2011. In response to delays from suppliers, manufacturers built up safety stocks of raw materials and other inputs.

Manufacturing employment rose at one of the fastest rates over the past six years in July. Despite this, backlogs increased sharply.

Price pressures in the German manufacturing sector remained strong in the context of historic survey data in July. Input prices increased at a faster rate than in June, while output charge inflation slowed to a six-month low but remained sharp overall.

Output expectations remained firmly positive in July. The strength of sentiment eased since June but was still among the highest registered over the five-year history of the series. Companies linked growth forecasts to a booming economy, healthy order books and new projects.

Comment

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

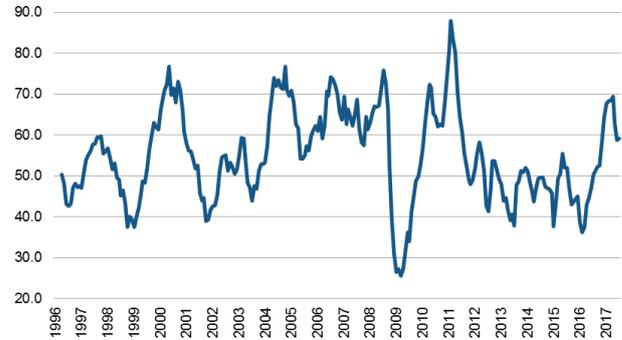
“The German manufacturing sector finally gave up some momentum in July, with the PMI easing to a five-month low of 58.1. This was still indicative of marked overall growth, however, with rates of expansion for output, new orders and jobs remaining historically sharp. Supply chains in particular were kept under intense pressure at the start of the second half of 2017.”

“The recent strength of the PMI was corroborated by official data in May which saw manufacturing output growth accelerate to 4.9% yr/yr. IHS Markit is currently forecasting overall industrial output to rise by 3.5% in 2017.”

-Ends-

Input Prices Index

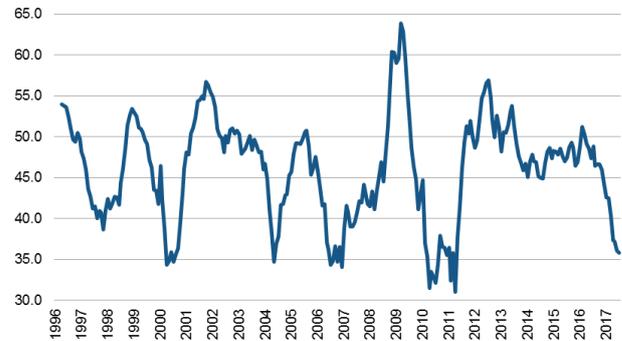
Input Prices Index, sa, 50 = no change



Source: IHS Markit.

Suppliers' Delivery Times Index

Suppliers' Delivery Times Index, sa, 50 = no change



Source: IHS Markit.

For further information, please contact:

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Note to Editors:

The Germany Manufacturing 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 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 July flash was based on 90% 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 ³	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.

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 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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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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