

## News Release

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

#### German manufacturing growth continues to strengthen

##### Key findings:

- PMI rises to 71-month high
- Strongest growth in new export orders since May 2010
- Input price inflation accelerates for survey-record eighth consecutive month

Data collected March 13-24

The latest *PMI*® survey data from IHS Markit and BME pointed to a further strengthening in business conditions within the German manufacturing sector at the end of the first quarter of 2017. Output increased at the fastest rate in over three years, driven by the strongest gain in new orders in nearly six years. Moreover, new export orders grew at the strongest pace since May 2010. This led to the sharpest rise in employment in over five-and-a-half years.

The headline 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 rose for the fourth successive month in March to 58.3, from 56.8 in February. That signalled the strongest improvement in manufacturing business conditions since April 2011, with the upward movement in the headline figure reflected in all five of its components. The current 28-month period of overall growth in the goods-producing sector is the second-longest in the 21-year survey history.

March data indicated a surge in new orders received by German manufacturers. The rate of growth strengthened for the fourth month in a row to the fastest since April 2011, led by a rapid increase in orders for intermediate goods. The level of new export business expanded at the fastest rate

##### Markit / BME Germany Manufacturing PMI



Sources: IHS Markit, Bundesbank.

since May 2010.

As a result of the continued acceleration in new order growth, output rose at the fastest rate in over three years in March. All three sub-sectors registered strong rates of expansion, with the sharpest growth seen at makers of intermediate goods. Capacity remained under pressure with backlogs increasing at the strongest pace since the start of 2014, and suppliers' delivery times lengthening to the greatest extent in nearly six years. Stocks of finished goods declined for the fourth month running.

Manufacturers responded to increased demand by expanding their workforces. The rate of job creation hit the highest since July 2011, and stretched the current sequence of growth to 12 months. Meanwhile, the volume of inputs purchased rose at a sharper rate, leading to a fourth successive month of growth in stocks of inputs.

Input price inflation accelerated for a survey-record eighth successive month, to the fastest since May 2011. Firms highlighted steel and oil-related items as being up in price. Meanwhile, prices charged by German manufacturers increased at the second-strongest rate in 68 months.

The 12-month outlook for manufacturing production remained firmly positive in March. Sentiment was

the second-strongest in over three years, linked to pipelines of new work and planned new products.

### Comment

Commenting on the final Markit/BME Germany Manufacturing PMI® survey data, **Trevor Balchin**, Senior Economist at IHS Markit said:

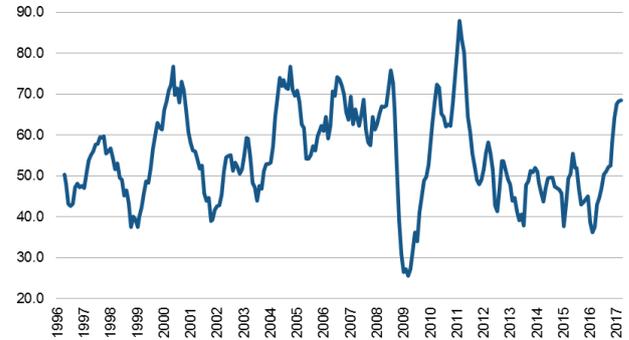
*“German manufacturing ended Q1 with impressive growth, with new export orders in particular increasing at the fastest rate in nearly seven years in March. Overall, the PMI recorded its strongest quarterly average since Q2 2011, at 57.2. Moreover, manufacturers remain upbeat regarding the 12-month outlook for production.*

*“On the flipside, input prices are soaring with the rate of inflation accelerating for an unprecedented eighth consecutive month to the highest in nearly six years. Anecdotal evidence highlighted metals and chemicals as driving cost pressures during the month, a trend that tallies with the February import prices data from the FSO. Further down the supply chain, manufacturing output price inflation did not accelerate further in March but remained at an elevated level. Overall, the PMI data suggest that ECB monetary policy remains too loose for German conditions.”*

-Ends-

### Input Prices Index

Input Prices Index, sa, 50 = no change



Source: IHS Markit.

### New Export Orders Index

New Export Orders Index, sa, 50 = no change



Source: IHS Markit.

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**Note to Editors:**

The Germany Manufacturing PMI® (Purchasing Managers' Index®) is produced by 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 March flash was based on 95% 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>3</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@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® (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](http://www.markit.com/product/pmi).

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