

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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**IHS Markit Germany Services PMI® – final data (with Composite PMI® data)**

**Services growth climbs to six-month high in September**

**Key findings:**

- Final Germany Services PMI Activity Index<sup>(2)</sup> at 55.6 (53.5 in August). 6-month high.
- Final Germany PMI Composite Output Index<sup>(1)</sup> at 57.7 (55.8 in August). 77-month high.

Data collected September 12-26

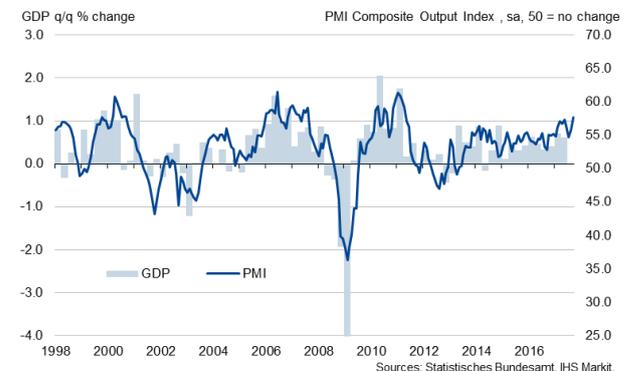
Business activity growth in Germany's service sector accelerated to a six-month high in September, underscoring a positive end to the third quarter for the euro area's largest economy, the latest *PMI*® survey data from IHS Markit showed. The pace of job creation among services firms also picked up speed amid stronger order book growth and a rebound in firms' confidence towards prospects for the year ahead.

The seasonally adjusted final **IHS Markit Germany Services PMI Business Activity Index** rose for the second month running in September to 55.6, up from 53.5 in August. The latest reading signalled the joint-fastest rate of expansion seen since the end 2015, equalling that recorded in March. Average services growth in the third quarter was slightly down on quarter two, however.

The seasonally adjusted final **IHS Markit Germany Composite Output Index** meanwhile registered its highest reading in almost six-and-a-half years, at 57.7. This reflected not only the stronger increase in services activity, but also a further acceleration of manufacturing output growth to the fastest since early-2011.

The strongest performing services sub-sectors remained Financial Intermediation and Transport & Storage, with each recording similarly sharp increases in business activity. Renting & Business Activities and Other Services also made positive growth contributions, while activity continued to fall across both the Hotels & Restaurants and Post & Telecommunications categories.

**IHS Markit Germany Composite PMI**



The survey data signalled that the upturn was principally driven by stronger demand, which in turn intensified the pressure on operating capacity and led firms to take on new staff.

Growth of services new business rebounded further from July's ten-month low in September, to show the strongest rise in order books for six months.

Meanwhile, accumulation of outstanding business resumed in September, following a slight drop in backlogs mid-way through the third quarter. The rate of increase was the fastest since March.

Services firms took on additional staff during the month to try to keep pace with growing workloads, resulting in a forty-seventh straight monthly increase in sector employment. The rate of job creation was solid and slightly faster than in August, although it remained below that seen on average over the first half of the year.

Another factor supporting hiring among service providers firms was improved confidence towards the year-ahead outlook for activity. The degree optimism rose to its highest level in four months in September, recovering from an eight-month low in August.

Elsewhere, latest survey data showed the continuation of strong price pressures across the services economy. Cost inflation eased only slightly

since August and remained above the historical trend level (since 1997), reflecting higher prices paid for salaries, fuel and rent.

Firms sought to pass on some of this burden to clients, resulting in another hike in average prices charged for services. The rate of inflation was solid but eased slightly since August.

## Comment

Commenting on the final *PMI*<sup>®</sup> survey data, **Phil Smith**, Principal Economist at IHS Markit said:

*“Germany’s services economy got back on track in September, putting in its strongest growth performance for six months.*

*“Together with the impressive manufacturing outturn, this lifted the Germany Composite Output Index to its highest since 2011. However, owing to the slow start to the third quarter, GDP growth of around 0.7% looks likely.*

*“Services order books were filled at the fastest rate for six months and firms’ confidence towards future growth prospects also perked up, suggesting that the economy carries good momentum into the final few months of the year.*

*“On the employment front, service sector job creation in September remained below the peak rates seen earlier in the year, though manufacturing helped to pick up the slack and overall growth was in line with the strong pace seen on average in 2017 so far.”*

-Ends-

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**Note to Editors:**

The Germany Services 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 service sector. The final Germany Services 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 September flash was based on 68% of the replies used in the final data.

The Germany Composite PMI is based on original survey data collected from a representative panel of over 800 companies based in the German manufacturing and service sectors. The final Germany Composite 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 September flash was based on 81% 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 Composite Output Index <sup>1</sup>	0.0	0.4
Germany Services Business Activity Index <sup>2</sup>	-0.1	0.6

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](mailto:economics@ihsmarkit.com).

**Notes**

1. 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?"
2. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.

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