

News Release

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

Upturn in Germany's manufacturing sector continues in February

Key points:

- Production and new orders rise sharply, albeit at weaker rates
- Employment increases for third straight month, although at slower pace
- Input costs fall for first time in five months

Historical overview:



Summary:

The final seasonally adjusted **Markit/BME Germany Manufacturing Purchasing Managers' Index®** (PMI®) – a single-figure snapshot of the performance of the manufacturing economy – registered 54.8 in February, to signal an eighth consecutive monthly improvement in operating conditions. Although down from January's 32-month high of 56.5, the latest reading pointed to solid growth in Germany's manufacturing sector.

Output and **new orders** continued to increase, as unusually mild weather and increased order intakes from both domestic and foreign markets boosted manufacturing demand. While production and new order growth eased since January, the latest

expansions were among the steepest in nearly three years. Investment goods producers reported the steepest rise in output, while companies operating in the intermediate goods sector saw the sharpest increase in order intakes

New export orders also rose at sharp but weaker pace in February, with almost one-in-three panellists reporting growth. The latest rise in new export orders was broad-based by source, with German manufacturers mentioning improved demand from the US and a range of emerging markets.

Increased production requirements resulted in further **job creation** in February, stretching the current sequence of rising workforce numbers to three months. Meanwhile, **Work-in-hand** rose for a fifth month in a row and at the second-quickest pace since early 2011 and **stocks of finished goods** fell for a third straight month.

Germany's manufacturers reported the first drop in **input costs** since last September during February and commented on price discounts for some raw materials including copper and aluminium. Nevertheless, companies raised their **selling prices** further, although to the weakest extent in five months.

In line with the trends for output and new orders, **purchasing activity** increased in February. Despite easing since the previous month, the rate of expansion was among the fastest seen in three years. Concurrently, **stocks of purchases** accumulated for the first time in two-and-a-half years. Some survey respondents linked higher inventory levels to the receipt of bulk orders.

Suppliers' delivery times lengthened further in February, although the latest rate of deterioration eased to a five-month low. Companies mainly linked slower lead times to increased demand.

Comment:

Commenting on the final Markit/BME Germany Manufacturing PMI® survey data, **Oliver Kolodseike, economist at Markit** and author of the report said:

“Today’s survey results provide further positive news for Germany’s goods producing sector. Manufacturing continued to grow at a solid, albeit slower pace in February and although the sector has lost some of its growth momentum since January, this does little to alter the underlying strong trend recently seen in German manufacturing.

“Sustaining the economic upturn in coming months is the key, and with companies reporting strong expansions in new orders and export sales, the sector looks set for further growth in the near future. Encouragingly, companies continued to take on additional staff, which signals confidence about future workloads.”

-Ends-

For further information, please contact:

Markit

Oliver Kolodseike
Economist
Telephone 44-1491-461-003
Email oliver.kolodseike@markit.com

Alex Brog, Corporate Communications
Telephone +44-20-7264-7602
Email alex.brog@markit.com

Notes to Editors:

The Germany Manufacturing PMI® (*Purchasing Managers’ Index*®) is produced by Markit Economics and is based on original survey data collected from a representative panel of over 500 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 February flash was based on 78% 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 ⁽¹⁾	0.1	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@markit.com.

1. 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.

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About PMI

Purchasing Managers' Index[®] (PMI[®]) 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.

About BME

BME is the German Association for Materials Management, Purchasing and Logistics, founded in 1954. It provides services for around 6,000 individual and corporate members, including small and medium-sized businesses as well as Germany's top 200 companies. The BME promotes a dialog between business and academia, both on the demand and the supply side, by providing the necessary networks for communication and knowledge exchange. The association is open to all company types from any sector (industry, trade, banking/insurance, public sector, service providers, etc.).

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