

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 08:55 (UK Time), 1 June 2015**

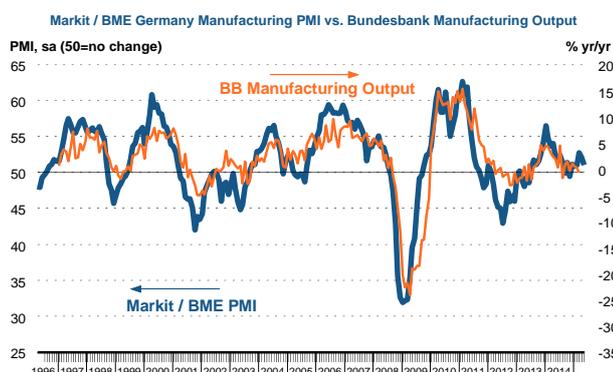
### Markit/BME Germany Manufacturing PMI® – final data

#### PMI dips to three-month low as production growth slows further

##### Key points:

- Output and new orders rise at weakest rates in 2015 so far
- Marginal employment growth maintained
- Input costs inflation hits 37-month high

##### Historical overview:



Sources: Markit, BME, Bundesbank.

##### Summary:

May data signalled a further slowing of manufacturing growth in Germany. This was highlighted by the seasonally adjusted final **Markit/BME Germany Manufacturing Purchasing Managers' Index® (PMI®)** – a single-figure snapshot of the performance of the manufacturing economy – dropping from April's 52.1 to 51.1. The latest index reading was indicative of only a marginal improvement in manufacturers' operating conditions.

Companies noted a further slowing of **new order growth** in May, with the pace of expansion only marginal overall. Sector data suggested that investment goods producers saw new business falling, while expansions were reported at consumer and intermediate goods manufacturers.

Meanwhile, **new export orders** rose for a fourth month running, with the rate of growth unchanged from April's modest pace. Some panellists linked increased new export business to the weak euro.

Mirroring the trend for total new orders, **output** at German manufacturers increased at the slowest pace in 2015 so far. Surveyed companies attributed the weaker expansion to subdued demand.

Survey data signalled an eighth successive monthly rise in **employment** levels in May. However, the rate of job creation slowed to a three-month low and was only fractional overall. Meanwhile, **backlogs of work** accumulated further, signalling ongoing pressure on operating capacity in the sector. The rate of backlog accumulation was the second-strongest in just over a year.

Manufacturers remained cautious about their stock policies in May. This was signalled by further reductions in both **pre- and post-production inventories**. Nevertheless, companies slightly raised their purchasing activity in response to increased new order intakes. The rate of growth in input buying was unchanged from April's marginal pace.

**Input costs** increased for a second month running in May. The rate of inflation accelerated dramatically and was the highest since April 2012. The rise in input prices was attributed by panellists to a shortage of some raw materials and the weak euro (which increases the cost of imported materials).

In response to higher input costs, some companies raised their **selling prices** in May. However, the rate at which factory gate prices increased was only marginal overall.

As has been the case since August 2013, **vendor performance** deteriorated in May. The rate at which average lead times lengthened was the most marked since December.

**Comment:**

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

*“Germany’s manufacturing upturn appears to be losing its legs again, according to the latest PMI results. While the data signalled an overall improvement in manufacturers’ operating conditions, output and new order growth were the weakest in 2015 so far. Mirroring the trend for production and new business, employment growth slowed to only a marginal pace, as companies grew more cautious about their workforce numbers in a weak demand environment.*

*“Meanwhile, inflationary pressures intensified in May, with input costs rising at the strongest rate since April 2012. Anecdotal evidence attributed input price inflation to the weak euro (which increases the cost of imported goods) and a shortage of certain raw materials.”*

-Ends-

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**Notes to Editors:**

The Germany Manufacturing PMI<sup>®</sup> (*Purchasing Managers’ Index*<sup>®</sup>) 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 May flash was based on 94% 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>(1)</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@markit.com](mailto: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*<sup>®</sup> (*PMI*<sup>®</sup>) 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/economics](http://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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