

# News Release

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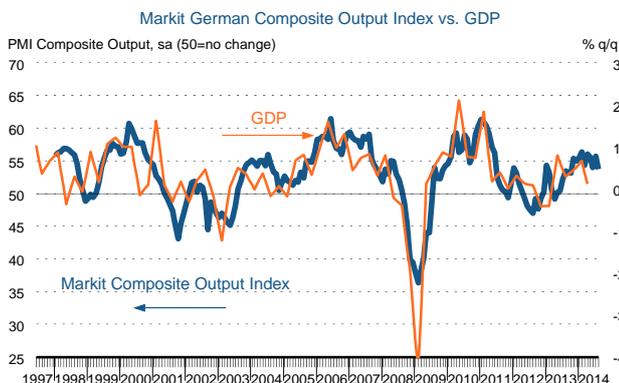
## Markit Germany Services PMI® – final data (with Composite PMI® data)

### Business activity continues to rise, albeit at slower pace

#### Key points:

- Final Germany Services Business Activity Index<sup>(1)</sup> at 54.9 in August, down from 56.7 in July (2-month low).
- Final Germany Composite Output Index<sup>(2)</sup> at 53.7 in August, down from 55.7 in July (10-month low).

#### Historical overview:



#### Summary:

German service providers reported a further rise in business activity in August, although the pace of expansion slowed since the previous month. Employment also rose at a weaker rate, while new business continued to increase. Meanwhile, business sentiment fell to the lowest level in nearly one year.

The seasonally adjusted **Markit Germany Services Business Activity Index** fell from July's 37-month high of 56.7 to 54.9, thereby signalling a strong, albeit weaker rise in German service sector output. Business activity has now risen for 15 consecutive months and the rate of growth remained above the long-run series average of 53.0. Surveyed companies linked higher activity to the processing of backlogs and increased new

orders. Out of the six monitored sub-sectors, Transport & Storage companies signalled the sharpest rise in output. The headline index reading followed an earlier 'flash' estimate of 56.4.

Meanwhile, total private sector output expanded at the slowest pace in 10 months, as highlighted by the final **Markit Germany Composite Output Index** – which measures the combined output of the manufacturing and service sectors – falling from July's 55.7 to 53.7. Nevertheless, the latest index reading was above its long-run average of 53.0. Private sector employment rose for a tenth straight month, albeit at the weakest rate since March.

New business received by German service sector companies continued to increase in August, and the rate of growth picked up slightly since July. Panellists generally linked higher volumes of new work to successful acquisitions and stronger demand.

With output and new orders rising further, German service providers hired additional workers in August. The rate of job creation eased, however, and was the slowest in five months. Some companies increased their staffing levels in order to reduce backlogs of work.

Indeed, the level of unfinished work in Germany's service sector fell further in August. Work outstanding has now declined continuously on a monthly basis since December last year.

On the price front, input costs in Germany's service sector continued to increase in August. However, the rate of input price inflation eased since July and was the weakest in over four years. Some panellists linked the weaker inflation to competitive market conditions and lower borrowing costs. Rising staff costs meanwhile contributed to the overall increase.

August data signalled a further marginal rise in prices charged by German service providers. The

rate of charge inflation was the weakest since April, with the vast majority of the survey panel reporting no change since July.

The level of positive sentiment towards the business outlook fell to an 11-month low, which some companies linked to a weakening domestic economy, the introduction of a minimum wage and rising global insecurity.

#### Comment:

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

*“Germany’s service sector sustained its strong growth momentum in August, although activity growth slowed since the previous month. New business continued to flood in, but companies were relatively cautious about their staffing levels, with employment rising only slightly.*

*“Total private sector output meanwhile expanded at the slowest pace since October last year and job creation also weakened. Our survey respondents partly linked slower growth to a weakening economic environment, with some panellists also mentioning heightened geopolitical tensions.*

*“The Composite PMI data are currently still signalling an expansion in German GDP in the third quarter, following the surprise drop in Q2. It is, however, very unlikely that growth will be as strong as seen in the opening three months of the year.”*

-Ends-

#### For further information, please contact:

##### Markit

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#### Notes to Editors:

The Germany Services *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit and is based on original survey data collected from a representative panel of over 500 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 71% of total PMI survey responses each month. The August flash was based on 76% of the replies used in the final data.

The Germany Composite *PMI*<sup>®</sup> is based on original survey data collected from a representative panel of 1,000 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 August flash was based on 83% 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 Services Activity Index <sup>(1)</sup>	-0.2	0.7
Germany Composite Output Index <sup>(2)</sup>	-0.1	0.5

#### 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.

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.

#### About Markit

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#### About PMI

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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