

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

### Service sector growth strengthens further in March

#### Key findings:

- Final Germany Services PMI Activity Index<sup>(2)</sup> at 55.6 (54.4 in February). 15-month high.
- Final Germany PMI Composite Output Index<sup>(1)</sup> at 57.1 (56.1 in February). 70-month high.

Data collected March 10-28

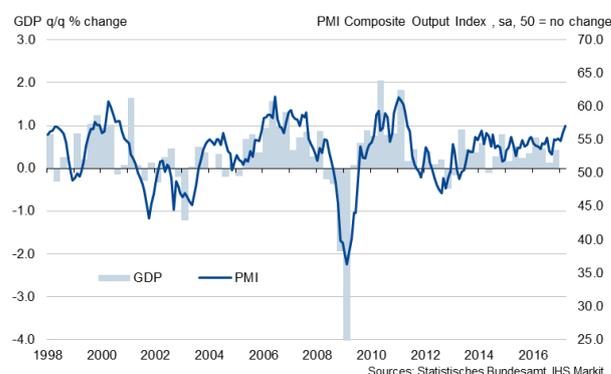
The latest survey data from IHS Markit signalled that the German service sector economy ended the first quarter of 2017 on a strong footing, albeit with rising inflationary pressures. Business activity increased at the fastest rate in 15 months and employment growth was the strongest in over six years, but inflation of prices charged by service providers was the sharpest since July 2008. Despite price pressures intensifying, firms were the most optimistic about the 12-month outlook for overall activity for six years.

The seasonally adjusted **Markit Germany Services PMI® Business Activity Index** rose to 55.6 in March, from 54.4 in February, signalling the fastest expansion in service sector output since December 2015. In comparison, the index average since the survey began in June 1997 was at 53.1. Activity has risen continuously since June 2013, the second-longest sequence of growth in the survey history.

By sub-sector, growth was fastest in Post & Telecommunication, followed by Renting & Business Activities and Financial Intermediation respectively. Hotels & Restaurants recorded another marked decline in activity.

The final **Markit Germany Composite Output Index** – which measures the combined output of the manufacturing and service sectors – rose for the second month running to 57.1 in March, from 56.1 in February. The latest reading signalled the strongest rate of expansion in private sector activity since May 2011. Growth of **manufacturing output** accelerated for the fourth successive month to the fastest since January 2014.

#### Markit Germany Composite PMI



The upturn in services activity was supported by a faster increase in new business in March. The rate of expansion in new work strengthened for the second month running, and was the fastest since February 2016.

Pressure on German service sector firms' costs continued to build in March. The rate of input price inflation quickened for the sixth time in seven months to the strongest in five years, widely linked by survey respondents to salaries and fuel.

With input prices increasing at a faster rate, service providers hiked their own charges. The rate of charge inflation strengthened for the fourth time in five months to the sharpest since July 2008. Moreover, the rate of inflation was the fourth-highest in the near-20 year survey history.

There was evidence of growing pressure on capacity in the German service sector despite another strong month of job creation. Service sector employment increased at the fastest rate since November 2010, and for the forty-first month in succession. Despite this, the level of outstanding business rose for the second consecutive month and at the fastest rate since June 2016.

German service providers were at their most optimistic regarding the 12-month outlook for business activity in six years in March. Sentiment

has picked up continuously since last December, with firms anticipating better economic conditions both domestically and across Europe. Planned investments in staff, products and marketing were also reported.

### Comment

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

*“The final services PMI data for March completed a picture of strengthening economic growth in Germany in the opening quarter of 2017.*

*“Aggregating the services and manufacturing data together, the Composite Output Index has averaged 56.0 over the first three months of the year, the highest quarterly average since Q2 2011. Moreover, new business growth and job creation strengthened further in March to the fastest in around six years, and the 12-month outlook is the brightest since at least mid-2012. The latest PMI data therefore reinforce IHS Markit’s full-year GDP growth forecast for 2017 of 1.9%, which would be the strongest expansion since 2011.*

*“Cost pressures continue to build, however. Input price inflation has accelerated continuously since last September, reaching a near-six year high in March. Consequently, output prices were raised at the sharpest rate since June 2011.”*

-Ends-

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**Note 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 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 March flash was based on 75% 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 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 March flash was based on 86% 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>	-0.1	0.4
Germany Services Business Activity Index <sup>2</sup>	-0.1	0.6

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

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