

News Release

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

German manufacturing expansion remains sharp in April

Key findings:

- PMI little-changed from March's 71-month high
- Further marked increases in output and new orders
- Input price inflation continues to accelerate

Data collected April 11-21

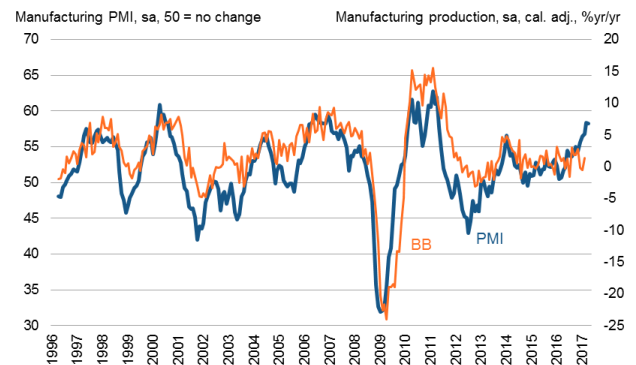
The German manufacturing sector entered the second quarter of 2017 in a high gear, according to the latest *PMI*® survey data from IHS Markit and BME. Overall operating conditions improved at a pace that almost matched the near six-year record set in March as output, new orders and employment all continued to grow at historically sharp rates. Cost pressures continued to intensify, however, with the rate of input price inflation accelerating for a survey-record ninth consecutive month to the highest since May 2011.

The headline Markit/BME Germany Manufacturing PMI is a composite single-figure indicator of manufacturing performance. It is derived from indicators for new orders, output, employment, suppliers' delivery times and stocks of purchases. Any figure greater than 50.0 indicates overall improvement of the sector.

The PMI registered 58.2 in April, little-changed from March's 58.3 and indicative of a further sharp improvement in manufacturing business conditions in Germany. The downward tick in the PMI reflected slightly weaker growth rates for output, new orders and employment as well as a contraction in stocks of purchases, although these trends were almost wholly offset by the greatest lengthening in suppliers' delivery times in six years. The current 29-month period of overall growth in the goods-producing sector is the second-longest in the 21-year survey history.

The volume of new orders received by German manufacturers rose for the twenty-ninth consecutive month in April. The rate of expansion eased for the

Markit / BME Germany Manufacturing PMI



Sources: IHS Markit, Bundesbank.

first time since last November, but remained sharp. All three sub-sectors registered marked increases in new work, with the sharpest expansion seen at producers of investment goods. New export business increased at the second-fastest rate in six years.

New work continued to drive output higher in April, extending the current survey-record sequence of growth to four years. The rate of expansion eased slightly since March but was among the fastest registered in the past six years.

Cost pressures faced by German manufacturers continued to escalate in April. The rate of input price inflation strengthened for a record ninth month running to the highest since May 2011. Steel was a key source of inflationary pressure according to panellists. Consequently, manufacturers increased their own prices at one of the fastest rates in six years.

Capacity remained under pressure despite another marked increase in employment at manufacturers. Backlogs increased sharply, and suppliers' delivery times lengthened to the greatest extent in six years. With shortages reported, manufacturers' input stocks declined for the first time in six months.

German manufacturers remained strongly positive regarding the 12-month outlook for production.

Sentiment strengthened for the fourth time in five months to the second-highest since the expectations series started in mid-2012.

Comment

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

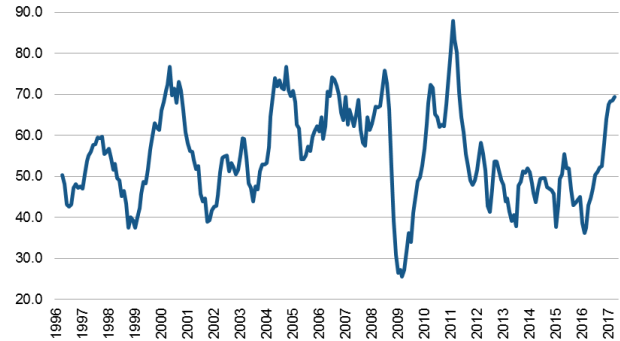
“The final PMI data for April confirm that German manufacturing remained in a high gear at the start of the second quarter, with the headline figure little-changed from March’s 71-month peak. Although growth of output, new orders and employment all eased, this was mostly offset by more evidence of supply chain pressures as input delivery times lengthened to the greatest extent in six years.”

“Input price inflation accelerated for a record ninth month running in April, to the fastest since May 2011. Meanwhile output prices continued to rise sharply despite a further easing in the rate of inflation since February.”

-Ends-

Input Prices Index

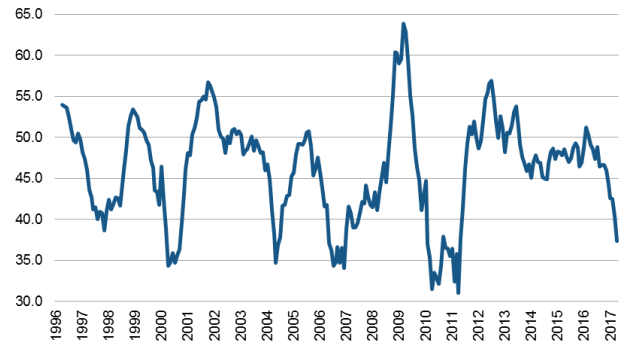
Input Prices Index, sa, 50 = no change



Source: IHS Markit.

Suppliers' Delivery Times Index

Suppliers' Delivery Times Index, sa, 50 = no change



Source: IHS Markit.

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Note to Editors:

The Germany Manufacturing PMI® (Purchasing Managers' Index®) is produced by Markit and is based on original survey data collected from a representative panel of over 400 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 April flash was based on 95% 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 ³	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@ihsmarkit.com.

Notes

1. The Composite Output PMI is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. 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?"
3. 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.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

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