

## News Release

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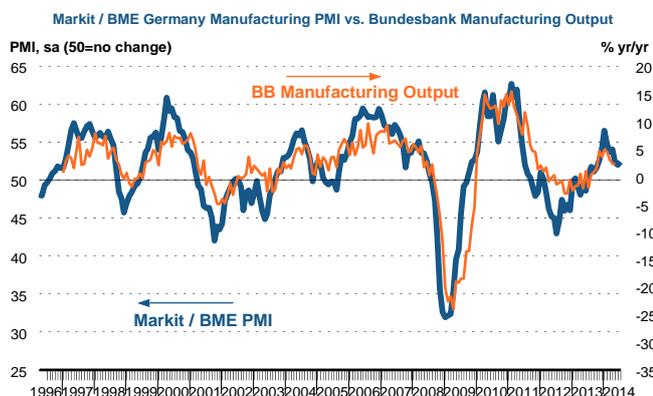
### Markit/BME Germany Manufacturing PMI® – final data

#### Manufacturing growth in Germany sustained in July

##### Key points:

- Output and new orders rise at slightly sharper rates
- Employment declines for second month running
- Suppliers' delivery times lengthen at quickest pace in over three years

##### Historical overview:



Sources: Markit, BME, Bundesbank.

##### Summary:

The final seasonally adjusted **Markit/BME Germany Manufacturing Purchasing Managers' Index®** (PMI®) – a single-figure snapshot of the performance of the manufacturing economy – rose slightly from June's eight-month low of 52.0 to 52.4 in July, signalling a further improvement in manufacturing operating conditions in Germany. However, the rate of growth remained relatively subdued and below the levels seen earlier in the year.

The main upward contributions to the headline PMI came from stronger rates of growth in **output** and **new orders**, with intermediate goods producers reporting the steepest increases. The latest rise in new work was the quickest in three months and

frequently linked by panellists to the securing of new clients and stronger export demand.

Indeed, **new export orders** placed at German manufacturers increased at an accelerated pace in July, with Austria, Switzerland, the US and Asian markets specifically mentioned by panel members as sources of export growth.

Despite improved trends for output and new orders, German goods producers were reluctant to take on additional workers, resulting in a further round of **job cuts** in July. There was some anecdotal evidence that companies shed staff in an attempt to cut costs. Concurrently, **backlogs of work** continued to accumulate at a marginal pace.

Increased demand put pressure on supply chains in July, resulting in a further deterioration in **vendor performance**. Suppliers' delivery times lengthened at the fastest pace in over three years.

**Input costs** fell for a sixth successive month in July, with companies commenting on excessive supplies of some raw materials and successful price negotiations. The rate at which input prices declined was broadly unchanged since June and marginal overall. Meanwhile, companies were able to further raise their **selling prices** in July, with consumer goods producers reporting the sharpest increase in factory gate prices. The overall rate of charge inflation was, however, marginal overall.

July data signalled a return to growth in **buying activity** at German manufacturers. The rate at which purchasing activity increased was the sharpest in four months.

Finally, higher demand contributed to further drops in both **stocks of purchases** and **stocks of finished goods**. Post-production inventories were depleted at a slightly quicker pace than seen in June, while the decline in pre-production stock was only fractional overall.

**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:

*“Mixed signals about the health of Germany’s goods producing sector are sent by July’s manufacturing PMI results. Although companies reported slightly sharper increases in production and new orders, there was little appetite to take on additional workers, signalling some uncertainty about future workloads and efforts to cut costs.*

*“Encouragingly, new export growth picked up again, with the pace of expansion the quickest in five months and suggesting that a weakening euro provided some support to export demand in July.”*

-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 July flash was based on 92% 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>	0.1	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](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® (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](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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