

News Release

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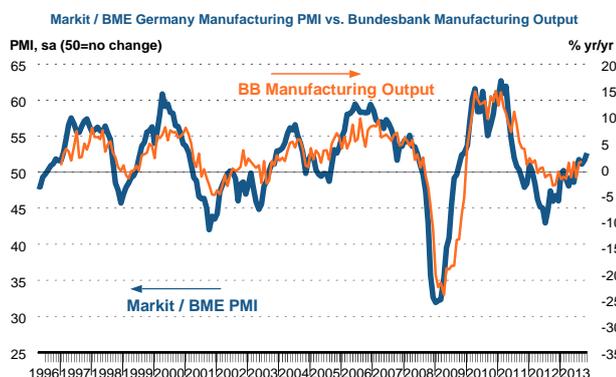
Markit/BME Germany Manufacturing PMI® – final data

Growth of manufacturing output and new orders accelerates in November

Key points:

- Manufacturing PMI hits highest level for almost two-and-a-half years
- Robust rises in production and incoming new work
- Moderate reduction in employment numbers during November

Historical overview:



Summary:

November data indicated an improvement in overall business conditions across the German manufacturing sector for the fifth month running. At 52.7, up from 51.7 during October, the seasonally adjusted final Markit/BME Germany Manufacturing Purchasing Managers' Index® (PMI®) – a single-figure snapshot of the performance of the manufacturing economy – signalled the strongest rate of improvement since June 2011.

The headline index signalled a solid upturn in manufacturing business conditions, supported by faster expansions of output and incoming new business. A further drop in employment numbers

was the main negative influence on the PMI figure during the latest survey period. By sector, operating conditions improved markedly for intermediate and investment goods producers, while consumer goods firms indicated that the overall business climate was broadly unchanged.

Manufacturers signalled the sharpest expansion of production for almost two-and-a-half years in November, led by a sharp rise in investment goods. Higher levels of manufacturing output have now been recorded for seven months running. Survey respondents generally noted that production had been boosted by a greater willingness among clients to place new orders.

Incoming new work across the manufacturing sector increased for the fifth month running and at a similarly robust pace to that seen for production. The latest improvement in new order books was the fastest since August, in part reflecting the steepest gains among investment goods producers for over two-and-a-half years. Latest data also indicated a solid expansion of new export orders. Higher levels of new work from abroad have now been recorded for four months in a row and the rate of growth was the fastest since February.

Manufacturers remained cautious about their job hiring in November, with overall staffing levels dropping at the most marked pace for five months. This was despite some signs of pressures on operating capacity, as highlighted by the fastest rise in backlogs of work since May 2011.

Increased production led to a rise in input purchasing during November, which in turn contributed to the sharpest deterioration in supplier performance since June 2011. However, input price pressures remained muted in the latest survey period, with the rate of cost inflation dropping further below the long-run survey average. Meanwhile, prices charged by manufacturers increased for the

second month in a row, and at the most marked pace since August 2011.

Comment:

Commenting on the final Markit/BME Germany Manufacturing PMI[®] survey data, **Tim Moore, senior economist at Markit** and author of the report said:

“Germany’s manufacturing sector retained its position as the strongest performing within the euro area big four, and was the sole member of this group to report an acceleration of output growth during November, according to the latest survey data.

“Investment goods led the latest upturn in production, with this area of manufacturing seeing its fastest improvement in new export orders since April 2011. Higher volumes of intermediate and consumer goods output were also reported in Germany, but the latter continued to see business conditions negatively influenced by weaker export sales.

“The outlook for Germany’s manufacturing sector seems to be improving, as demand is likely to strengthen gradually in key developed markets while muted cost inflation and higher capacity utilisation should help to ease the pressure on operating margins.”

-Ends-

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Notes to Editors:

The Germany Manufacturing PMI[®] (*Purchasing Managers’ Index*[®]) 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 November 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 ⁽¹⁾	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.

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.

About Markit

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About PMIs

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.

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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