

## News Release

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

## Manufacturing PMI slips to nine-month low in April

### Key findings:

- After reaching a record-high last December, the PMI has fallen in every month in 2018 so far
- Slower rises in new orders and employment weigh on overall performance in April
- Growth remains strong by historical standards, with output up markedly on the month

Data collected April 12-23

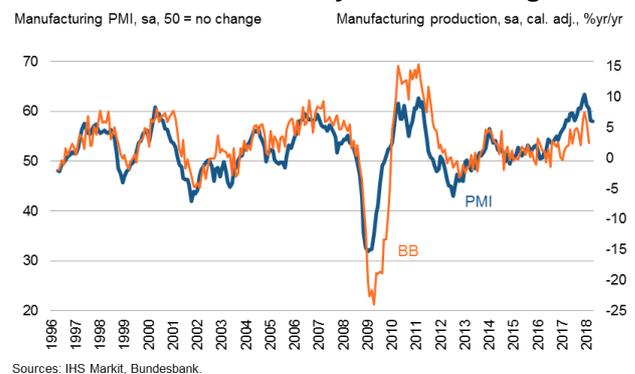
Germany's manufacturing sector made a solid start to the second quarter, with output rising markedly and at a quicker pace than in March. However, the rate of production growth remained well below the highs seen at the turn of the year, and both new order inflows and job creation continued to wane from their recent elevated levels.

A further marked increase in input lead times meanwhile continued the worst sequence of delivery delays faced by manufacturers in over two decades of data collection, with supply chain constraints also contributing to sustained strong price pressures.

The headline IHS Markit/BME Germany Manufacturing PMI – a single-figure snapshot of the performance of the manufacturing economy – dipped to 58.1 in April, down fractionally from 58.2 in March and its lowest reading for nine months. However, despite dropping for a fourth straight month from a record-high last December, the index remained well above its long-run series average (52.4) and at a level indicative of a marked improvement in overall operating conditions.

April saw a robust increase in German factory output levels. The rate of expansion accelerated slightly from that seen in March, though it remained slower than at any other point over the past 16 months. Intermediate goods producers noted the steepest rise in production, while there were also

### IHS Markit / BME Germany Manufacturing PMI



solid increases in output across the consumer and investment goods sectors.

New order growth meanwhile slowed for the fourth month running to the lowest since November 2016. The rate of increase was solid by the historical standards of the survey but well below the highs of late-2017.

It was a similar picture for the pace of job creation across the manufacturing sector, which moderated for the fifth month in a row from a near seven-year high last November. Still, the latest increase in employment was marked as firms continued their efforts to expand capacity in line with growing production requirements, with backlogs of work showing a sustained strong rate of accumulation.

Supply chains remained stretched in April, with input lead times again lengthening to one of the greatest extents in the survey's 22-year history. And with demand for inputs continuing to outstrip supply, April saw a further steep increase in average prices paid for purchases. That said, the rate of inflation eased further from January's recent peak to the slowest for seven months. Prices charged by manufacturers, on the other hand, increased at a sharp and accelerated rate that was among the fastest seen over the past seven years.

Finally, April's survey showed a slight pick-up in manufacturers' confidence towards the year-ahead outlook for output from an 18-month low in March. The degree of optimism was above the historical trend, but down on recent elevated levels.

### Comment

Commenting on the final IHS Markit/BME Germany Manufacturing PMI<sup>®</sup> survey data, **Phil Smith**, Principal Economist at IHS Markit said:

*“The manufacturing PMI slipped to a nine-month low in April, but alarm bells aren't ringing yet. The sector boomed in the second half of 2017 and probably overheated; record input delivery delays show that supply has struggled to keep up with demand. The sector looks to have come off the boil in terms of its rate of growth, though it is still running relatively hot.*

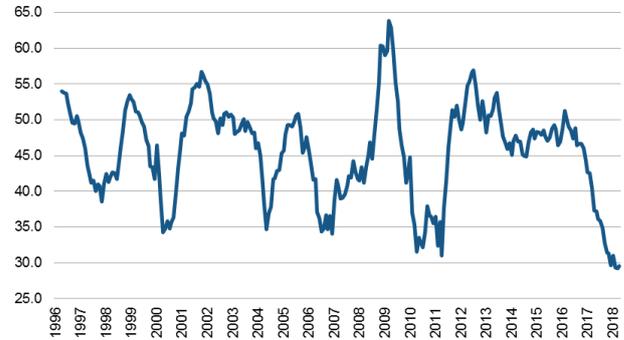
*“By historical standards, April's increase in output was robust, and it coincided with another strong round of job creation as manufacturers continued in their efforts to expand capacity. But what's important in terms of staying in growth territory is the strength of new orders, which in April showed the smallest gain for 17 months. A further slowdown in order books in May would mean some downside risks to the outlook.*

*“The survey's forward-looking business confidence gauge has stabilised after falling throughout the opening quarter, to suggest that firms themselves see growth levelling off at a lower rate than those seen in recent months.”*

-Ends-

### Suppliers' Delivery Times Index

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



Source: IHS Markit.

### Employment Index

Employment Index, sa, 50 = no change



Source: IHS Markit.

**For further information, please contact:**

**IHS Markit**

Phil Smith, Principal Economist  
Telephone +44-1491-461-009  
Email: [phil.smith@ihsmarkit.com](mailto:phil.smith@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44207 260 2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Note to Editors:**

The Germany Manufacturing PMI® (Purchasing Managers' Index®) is produced by IHS 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 85% of total PMI survey responses each month. The April flash was based on 88% 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>	0.0	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.

IHS 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

**Notes**

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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