

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 0955 (CEST) / 0755 (UTC) June 1 2017**

### IHS Markit/BME Germany Manufacturing PMI<sup>®</sup> – final data

#### German manufacturing expands at fastest pace in over six years

##### Key findings:

- PMI rises to 73-month high as growth of output, new orders and jobs accelerate
- New export business expands at strongest rate in seven years
- Input price inflation slows to six-month low

Data collected May 12-23

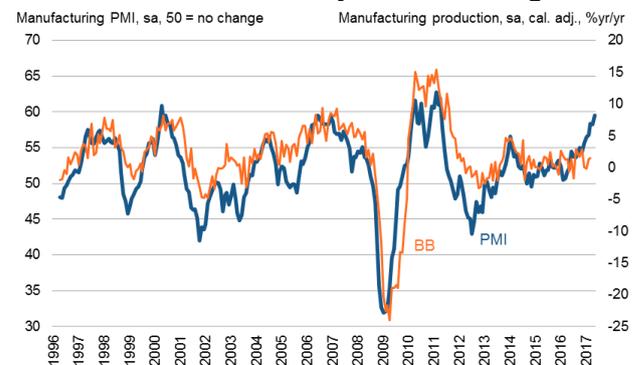
The German manufacturing sector gained momentum mid-way through the second quarter, according to the latest *PMI*<sup>®</sup> survey data from IHS Markit and BME. Overall operating conditions improved at the strongest pace in over six years as output, new orders and employment all expanded at faster rates. Notably, new export business increased at the sharpest clip in seven years. Meanwhile, input prices rose at the slowest pace in six months, albeit one that remained historically sharp overall.

The headline IHS 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 resumed its upward trajectory in May, rising for the fifth time in six months to 59.5 from April's 58.2. This signalled the strongest overall improvement in manufacturing business conditions in Germany since April 2011. The upward movement in the PMI reflected stronger growth rates for output, new orders and employment, as well as a more substantial lengthening of suppliers' delivery times. The current two-and-a-half year 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

##### IHS Markit / BME Germany Manufacturing PMI



manufacturers increased at the fastest rate since April 2011 in May. This reflected both strong domestic demand and the sharpest increase in new export business in seven years. Firms highlighted marked growth in new work from Asian markets.

Reflecting the trend in new orders, German manufacturing output also increased at the strongest pace since April 2011. Notably, production of intermediate goods expanded at the fastest pace in the survey history.

Manufacturers stepped up new hiring in May, as employment in the sector rose at the strongest rate in six years. Furthermore, the pace of job creation was unsurpassed in the survey history besides the rates recorded during the first five months of 2011.

Despite marked growth of employment, backlogs of work increased at the strongest rate in over six years. This partly reflected pressure on supply chains, as suppliers' delivery times lengthened to the greatest extent since April 2011. Manufacturers widely reported that vendors were operating at full capacity. Manufacturers' stocks of inputs declined for the second month running despite the sharpest increase in purchasing activity in over six years.

Purchase prices rose sharply in May, although the rate of inflation slowed to a six-month low. Similarly,

output price inflation eased to a four-month low but remained strong overall.

Output expectations at German manufacturers remained strong in May. Sentiment eased since April but was nonetheless the fourth-highest since the future output series began in July 2012.

### Comment

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

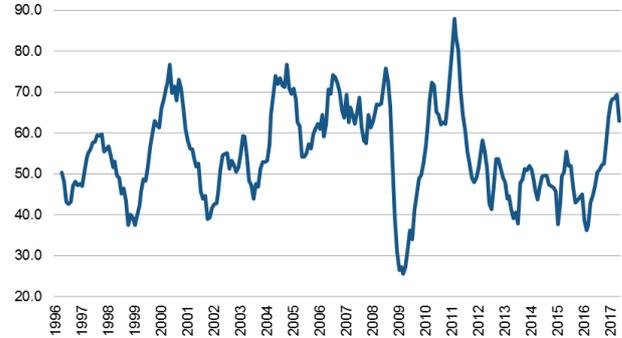
*“German manufacturing continued to gain momentum in May with the PMI rising for the fifth time in six months to 59.5, the highest since April 2011 and just above the earlier flash estimate of 59.4. Output, new orders and employment all increased at the fastest rates in around six years, while new export business growth hit a seven-year record. IHS Markit currently expects German industrial output to rise 2.9% in 2017 as a whole, up from growth of 1.0% in 2016.”*

*“May data also signalled an easing of price pressures in the sector. Input price inflation slowed for the first time since the current sequence of increases began in July 2016, while output price inflation eased for the third month running. That said, price rises remained marked overall.”*

-Ends-

### Input Prices Index

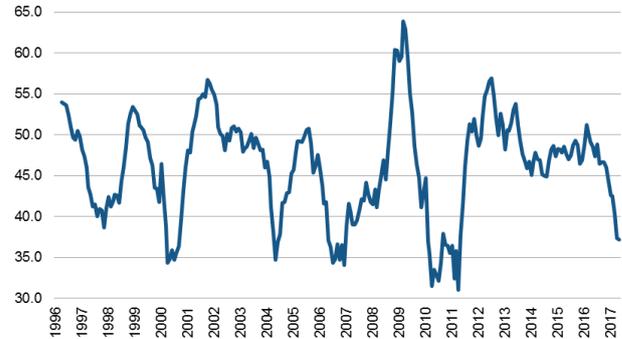
Input Prices Index, sa, 50 = no change



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 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 75% of total PMI survey responses each month. The May flash was based on 90% 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>3</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 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?"

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

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**About PMI**

Purchasing Managers' Index® (PMI®) 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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