

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Flash Germany PMI<sup>®</sup>

### German PMI rises to six-and-a-half year high as manufacturing booms

#### Key findings:

- Flash Germany PMI Composite Output Index<sup>(1)</sup> at 57.8 (55.8 in August). 77-month high.
- Flash Germany Services PMI Activity Index<sup>(2)</sup> at 55.6 (53.5 in August). 6-month high.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 60.6 (59.3 in August). 77-month high.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 61.8 (60.1 in August). 77-month high.

Data collected September 12-21

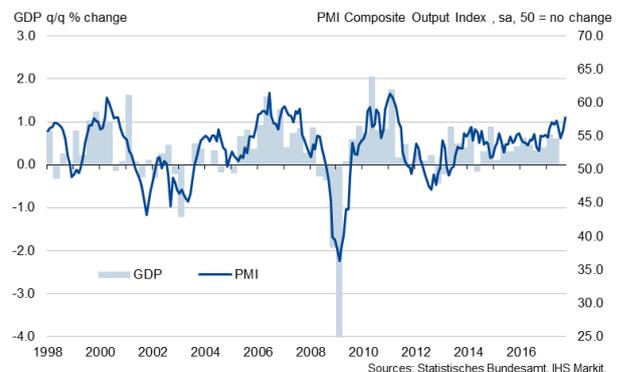
Germany's private sector economy ended the third quarter strongly, with business activity growth accelerating to the fastest in almost six-and-a-half years, according to flash *PMI*<sup>®</sup> survey data from IHS Markit. Improved performances were seen across both manufacturing and services in September, though it was the former that continued to show the much faster rate of expansion.

The **IHS Markit Flash Germany Composite Output Index** rose for the second month running in September to 57.8, up from 55.8 in August and its highest reading since April 2011. Average growth across the third quarter as whole was robust but slightly below that seen in quarter two, reflecting the comparatively subdued rate of expansion seen in July.

Germany's factories produced another strong performance in September, with **manufacturing output** growth at a near six-and-a-half year high. Although remaining somewhat behind in terms of overall growth, the **service sector** also picked up momentum during the month, recording the fastest growth in six months.

Driving growth in September was a further strong increase in demand for goods and services.

#### IHS Markit Germany Flash PMI



Businesses' **order books** showed the sharpest rise for six months, thanks to faster rates of increase across both manufacturing and services. Strong growth in **goods export orders** remained a key factor behind manufacturing's relative outperformance.

The **IHS Markit Flash Germany Manufacturing PMI** recorded a reading of 60.6 in September, up from August's 59.3, to signalling the sharpest monthly improvement in overall factory business conditions since April 2011.

Germany's labour market meanwhile continued to reap the benefits of growing workplace activity, with private sector **employment** rising at a robust pace that was broadly in line with the average seen across the year so far. Notably, the rate of job creation in the goods-producing economy was the fastest seen for more than six years.

The need for firms to take on extra staff was underscored by a further rise in the level of **outstanding business**, the sixteenth in as many months. Furthermore, the extent of the latest increase was the greatest seen since February 2011, as a renewed upturn in work-in-hand among services firms accompanied ongoing strong growth

in manufacturing backlogs.

Capacity pressures were also evident within supply chains in September, with manufacturers facing another substantial increase in **input lead times**. Incidences of delay were the most widespread since April 2011.

On the price front, September's survey indicated a further strong rise in **average prices charged for goods and services**, although the rate of inflation eased slightly since August. In many cases firms reported raising prices in response to higher **input costs**, which increased at the steepest rate for five months in September. Manufacturers continued to face greater costs pressure than services firms, as the rate of purchase price inflation in the sector accelerated sharply and for the third month in a row.

Looking ahead, German businesses generally reported strong optimism towards growth prospects over the next 12 months. **Future expectations** were at a four-month high, and the second-most positive since comparable data were first available in July 2012.

## Comment

Commenting on the flash PMI data, **Phil Smith**, Principal Economist at IHS Markit said:

*"September's PMI survey showed Germany's private sector economy in rude health, highlighting strong broad-based growth in both business activity and employment.*

*"The powerhouse manufacturing sector again put in the stronger performance, though services also perked up in September to elevate the overall pace of expansion to the best seen since early-2011. IHS Markit's forecast of 0.7% GDP growth in the third quarter, therefore, remains well within the realms of possibility.*

*"It was another positive month for the labour market, as businesses continued to show a strong appetite for new hires. And with the build-up of incomplete work suggesting that firms still remain short on the capacity front, it would seem that the recent spell of robust employment growth still has time to run.*

*"The re-emergence of stronger input cost inflation was another key takeaway from September. Strong purchasing activity among manufacturers has led to supply-chain bottlenecks and a sellers' market for materials, while there is also evidence of underlying salary pressures driving up firms' costs."*

-Ends-

**For further information, please contact:****IHS Markit**

Phil Smith, Principal Economist, Economics  
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:**

Final September data are published on October 2 for manufacturing and October 4 for services and composite indicators.

The Germany PMI (Purchasing Managers' Index) is produced by IHS Markit and is based on original survey data collected from a representative panel of 1000 companies based in the German manufacturing and service sectors. The flash estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI 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 Composite Output Index <sup>1</sup>	-0.1	0.4
Germany Manufacturing <i>PMI</i> <sup>3</sup>	0.0	0.3
Germany Services Business Activity Index <sup>2</sup>	-0.1	0.6

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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?"

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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<sup>®</sup> (*PMI*<sup>®</sup>) 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 <http://www.markit.com/product/pmi>.

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