

## News Release

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

## Manufacturing PMI reaches record high in December

### Key findings:

- PMI surpasses previous highest reading seen in February 2011
- Output, new orders and exports all post strong and accelerated growth
- Supplier delivery delays the worst in the survey's near 22-year history

Data collected December 5-14

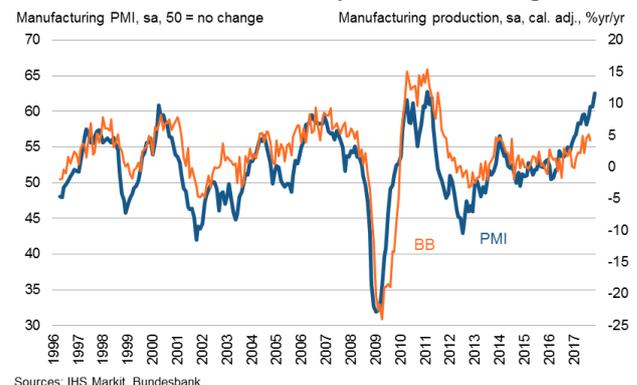
Germany's manufacturing sector ended a strong year with a further pick-up in performance in December, according to the latest *PMI*® survey data from IHS Markit and BME. Production growth reached a level not seen since early-2011, buoyed by one of the fastest rises in new export orders ever recorded in the survey's near 22-year history. An associated increase in demand for raw materials meanwhile led to greater pressure on supply chains, with delivery delays found to be the worst on record.

The headline **Final IHS Markit/BME Germany Manufacturing PMI** – a single-figure snapshot of the performance of the manufacturing economy – climbed to an all-time high of 63.3 in December from 62.5 in November, surpassing the previous highest reading recorded in February 2011 (62.7).

Production of goods rose sharply at the end of the fourth quarter, with the rate of growth having accelerated for the second month running to the fastest seen for almost seven years. The broad-based increase in output was led by an especially sharp expansion in the investment goods sector.

Production levels were raised in line with a further steep increase in inflows of new orders. Notably, the level of new business received from abroad rose at the joint-fastest rate in the survey history, with anecdotal evidence highlighting Asia, the US and fellow European countries as strong sources of new orders for German manufacturers.

### IHS Markit / BME Germany Manufacturing PMI



Expansion in the manufacturing sector was also reflected in a further rise in the level of employment, as goods producers sought to improve capacity amid a near-record increase in backlogs of work. Although the pace of job creation eased slightly from November's 80-month high, it still pointed to a marked overall rise in factory workforce numbers.

December also saw a further pick-up in manufacturers' purchasing activity, with the rate of growth up sharply since November to the fastest since April 2010. Firms reported raising buying levels to not only support higher production, but also to build safety stocks amid supplier delays and lack of availability of inputs. Stocks of purchases rose for the sixth month running and at the fastest rate since June 1998.

On the supply front, lead times for inputs increased in December to the greatest extent in more than two decades of data collection. The survey evidence largely attributed this to capacity constraints among both suppliers and across the transport sector.

Input costs meanwhile rose sharply on average in December, driven mainly by higher prices paid for

raw materials such as steel and other metals. This in turn led to another steep rise in prices charged by manufacturers, with the rate of inflation down only slightly from November's six-and-a-half year high.

Finally, December's survey indicated a recovery in manufacturers' confidence towards future growth prospects, up from an 11-month low in November to the highest since June.

### Comment

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

*"2017 was a record-breaking year for the German manufacturing sector: the PMI posted an all-time high in December, and the current 37-month sequence of improving business conditions surpassed the previous record set in the run up to the financial crisis.*

*"The goods-producing economy carries strong momentum into 2018, with new order growth at its highest for almost eight years and rising backlogs of work pointing to the need for further expansion in capacity. Business confidence rebounded back up to an elevated level by historical standards in December, further adding to the positive outlook.*

*"A lingering concern is that supply-side constraints pose a risk to the sector's ability to kick on. The survey's measure of supplier delivery performance has already moved into uncharted territory, signalling the worst delays for more than 20 years, which will inevitably be borne out by sustained upward pressure on input costs as a sellers' market for materials becomes more entrenched."*

-Ends-

### New Export Orders Index

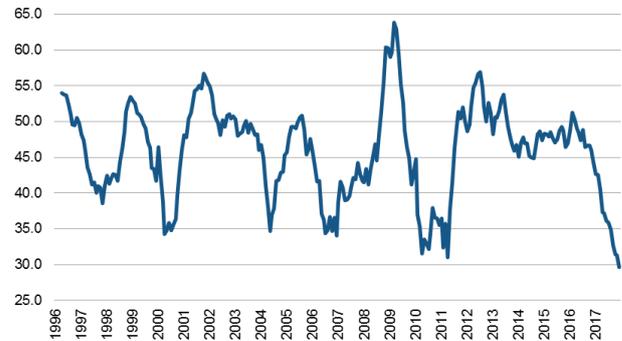
New Export Orders Index, sa, 50 = no change



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 December 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 <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?"

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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® (PMI®) surveys are now available for over 40 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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