

News Release

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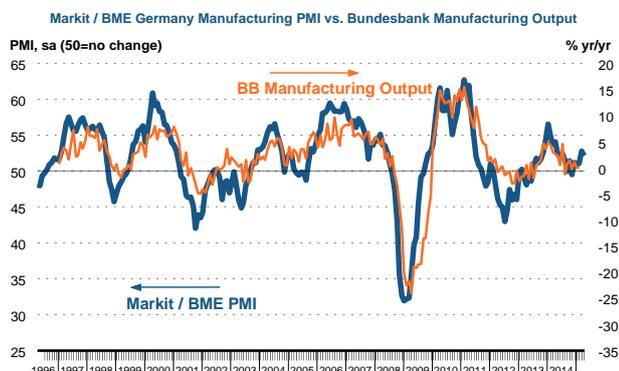
Markit/BME Germany Manufacturing PMI® – final data

Output and new orders increase at weaker rates

Key points:

- Headline PMI drops slightly from 52.8 in March to 52.1
- Rate of job creation reaches four-month high
- Input costs increase for first time since January 2014

Historical overview:



Sources: Markit, BME, Bundesbank.

Summary:

The seasonally adjusted final **Markit/BME Germany Manufacturing Purchasing Managers' Index®** (PMI®) – a single-figure snapshot of the performance of the manufacturing economy – fell from March's 11-month high of 52.8 to 52.1 in April, signalling a further, albeit weaker, improvement in manufacturers' operating conditions. April data extended the current period of continuous growth in the sector to five months.

The weaker headline number reflected slower increases in both **production** and **new orders**. Output growth eased slightly, but remained strong in the context of historical data as companies scaled up production in response to higher demand and deliberate efforts to reduce their backlogs. While levels of work outstanding accumulated for a third

month running, the latest rise was the weakest in this sequence.

New order growth meanwhile slowed to a moderate pace in April, having reached an 11-month high in March. Where an expansion in new business was reported, some panellists attributed this to a positive economic environment.

The weaker expansion of total new business was broad-based, as **new export business** also increased at a slower pace. Anecdotal evidence suggested that the overall rise in new export orders was partly driven by the weak euro.

With output and new orders rising further, companies continued to increase their **buying activity** in April. The pace of expansion eased, however, since March and was only marginal overall. Meanwhile, companies remained cautious about their stock policies. **Pre-production inventories** were largely unchanged since one month previously, while **stocks of finished goods** fell further.

April data signalled a continuation of **employment** growth in Germany's goods-producing sector, extending the current period of expansion to seven months. Moreover, the rate of job creation accelerated since March and was the strongest in 2015 so far.

Input costs faced by German manufacturers increased for the first time in 15 months during April. While the low oil price continued to exert downward pressure on inflation, increased import costs resulted in the overall rise in input prices.

The latest survey data also highlighted that companies passed higher input costs on to their clients, resulting in a second successive monthly rise in **factory gate prices**.

Finally, **suppliers' delivery times** lengthened at a slightly slower pace than in March.

Comment:

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

“Germany’s manufacturing sector shifted down a gear in April, with the headline PMI falling slightly since March. Nevertheless, the index reading was still the second-best in nine months and indicative of modest growth in the sector.”

“Digging deeper into the data shows that output continued to grow strongly, with some panellists commenting on scaling up production in order to process backlogs of work. While order intakes also rose further, the rate of growth slowed to only a modest pace.”

“The weak euro meanwhile continued to have some adverse effects on German manufacturers. On the one hand, the depreciation of the currency boosted export sales by making German products cheaper for clients outside the eurozone. On the other hand, however, it increased the costs for some imported raw materials and other products, resulting in the first rise in input costs for 15 months.”

-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 April flash was based on 94% 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⁾	0.0	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.

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.*

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About PMI

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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