

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 08:55 (UK Time), August 3rd 2015

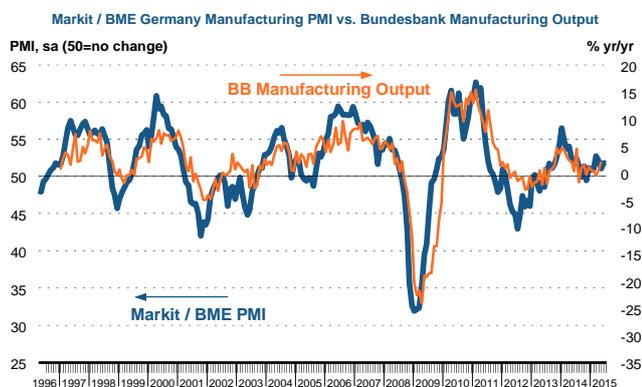
Markit/BME Germany Manufacturing PMI® – final data

German manufacturing continues to grow at modest pace in July

Key points:

- Output and new orders rise further
- New export orders decline for first time since January
- Input and output prices increase at below-average rates

Historical overview:



Sources: Markit, BME, Bundesbank.

Summary:

July data signalled a further modest improvement in manufacturers' operating conditions in Germany. The seasonally adjusted **Markit/BME Germany Manufacturing Purchasing Managers' Index®** (PMI®) – a single-figure snapshot of the performance of the manufacturing economy – registered 51.8 in July, little-changed from June's 51.9 and broadly in line with the long-run series average.

Manufacturers reported a twenty-seventh successive monthly rise in **production** in July, with companies attributing much of the expansion to higher demand. The rate at which output increased was little-changed since the previous month.

New business also continued to rise during the month, with the pace of expansion down fractionally since June. Moreover, growth of new business was reported across all three sub-sectors monitored by the survey. However, survey data also revealed that the domestic market was the main driver of new order growth, as manufacturers reported the first decline in **foreign demand** since January. The contraction in new export orders was marginal overall.

With output and new orders rising further, companies were encouraged to hire additional workers in July. The rate of **job creation** reached a three-month high, but was modest overall. Consumer goods producers signalled the steepest rise in workforce numbers, although intermediate and investment manufacturers also raised their staffing levels. Meanwhile, ongoing pressure on **operating capacity** was reported in July. However, the rate of backlog accumulation was only fractional overall.

German goods producers raised their **purchasing activity** in response to higher demand in July. That said, the rate at which input buying rose, eased slightly since June.

Latest survey data highlighted that companies remained cautious about their stock policies in July. **Pre-production inventories** fell despite a rise in buying activity and **stocks of finished goods** also declined. Some panellists attributed lower stock holdings to increased demand and deliberate efforts to reduce inventories.

Input costs increased further in July, thereby extending the current spell of inflation to four months. Surveyed companies linked higher input prices to exchange rate factors and a shortage of certain raw materials. In response to higher costs, some firms raised their **charges**.

Suppliers' delivery times lengthened further during July. The rate at which average lead times rose was slightly weaker than in June.

Comment:

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

“The German manufacturing sector remained stuck in a low gear at the start of the third quarter, with the PMI signalling further, albeit only modest, growth. Output and new orders both rose at below-average rates, while new export business fell for the first time in six months, suggesting that the domestic market was the main source of increased demand.

“Meanwhile, input and output prices both continued to rise during July, suggesting that Germany’s trip into deflationary territory at the start of the year was only temporary.”

-Ends-

For further information, please contact:

Markit

Oliver Kolodseike, Economist
Telephone +44-1491-461-003
Email: oliver.kolodseike@markit.com

Joanna Vickers, Corporate Communications
Telephone +44207 260 2234
Email joanna.vickers@markit.com

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 July 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.*

About Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ approximately 4,000 people in 11 countries. Markit shares are listed on NASDAQ under the symbol MRKT. For more information, please see www.markit.com

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/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.).

The intellectual property rights to the Markit/BME Germany Manufacturing PMI® provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.