

## News Release

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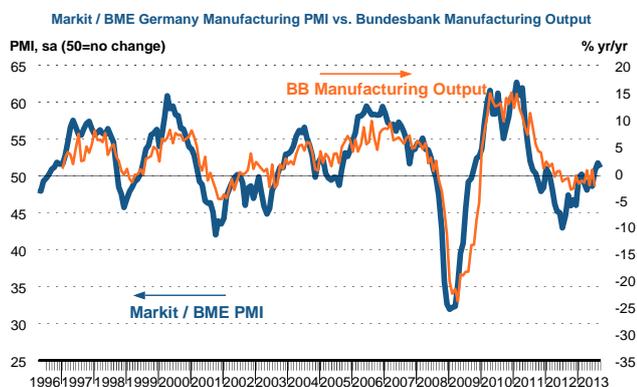
### Markit/BME Germany Manufacturing PMI® – final data

#### Manufacturing sector business conditions continue to improve in September, albeit at slower pace

##### Key points:

- Manufacturing PMI posts 51.1, down from 51.8 in August
- Output and new orders increase at moderate rates
- Slight reduction in employment numbers during September

##### Historical overview:



Sources: Markit, BME, Bundesbank.

##### Summary:

Adjusted for seasonal influences, the final Markit/BME Germany Manufacturing Purchasing Managers' Index® (PMI®) dipped from 51.8 in August to 51.1 in September, but remained above the neutral 50.0 value for the third month running. The latest reading was the second-highest since July 2011 and pointed to a moderate improvement in overall business conditions. Investment goods was the strongest performing area of manufacturing in September, followed by intermediate goods, while only the consumer goods sector recorded a deterioration in overall operating conditions.

Improving manufacturing business conditions reflected gains in both output and new order volumes in September. Higher levels of production have now been recorded for five months running, but the latest rate of expansion was the least marked since June. September data indicated a moderate rise in new work received by manufacturing companies, thereby extending the current period of growth to three months. Greater underlying demand was supported by improved conditions in export markets, as highlighted by an expansion of incoming new orders from abroad for the second month in a row.

September data highlighted a general lack of pressure on operating capacity within the German manufacturing sector. Volumes of work-in-hand (but not yet completed) were reduced for the first time in three months, despite a moderate rise in new business during September. Meanwhile, staffing levels at manufacturing companies dropped over the latest survey period, which continued the general pattern seen through much of 2013 to date. However, the investment goods sector bucked the overall trend seen in September, with backlogs of work and employment numbers increasing at robust rates.

Input buying volumes were close to stagnation in the German manufacturing sector during the latest survey period. Some companies cited a preference for running down existing inventories, as highlighted by another solid drop in pre-production stocks and falling levels of finished goods inventories. Despite purchasing activity stagnating in September, lead times from suppliers lengthened for the second successive month. Moreover, the latest deterioration in vendor performance was the most marked since July 2011.

Manufacturers in Germany signalled that their average cost burdens declined during September,

but at the slowest pace so far this year. Meanwhile, factory gate charges were unchanged over the month, which ended a five-month period of price discounting in the sector. Some companies noted that the gradually improving demand environment had contributed to the stabilisation of output prices.

**Comment:**

Commenting on the final Markit/BME Germany Manufacturing PMI<sup>®</sup> survey data, **Tim Moore, senior economist at Markit** and author of the report said:

*“Germany’s manufacturing sector looks to have expanded at a reasonably solid pace through the third quarter of the year, despite growth momentum easing in September. A robust performance from investment goods producers helped sustain manufacturing growth, while the main drag was from weaker consumer goods production. Despite output volumes remaining on an upward tilt, manufacturers were cautious about their payroll numbers during September, reflecting relatively subdued demand from emerging markets and a general lack of pressure on operating capacity.”*

-Ends-

**For further information, please contact:**

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**Notes to Editors:**

The Germany Manufacturing PMI<sup>®</sup> (*Purchasing Managers’ Index*<sup>®</sup>) 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 September 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>(1)</sup>	0.1	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](mailto: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 financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see [www.markit.com](http://www.markit.com)

#### **About PMIs**

*Purchasing Managers' Index*<sup>®</sup> (PMI<sup>®</sup>) 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](http://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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