

# News Release

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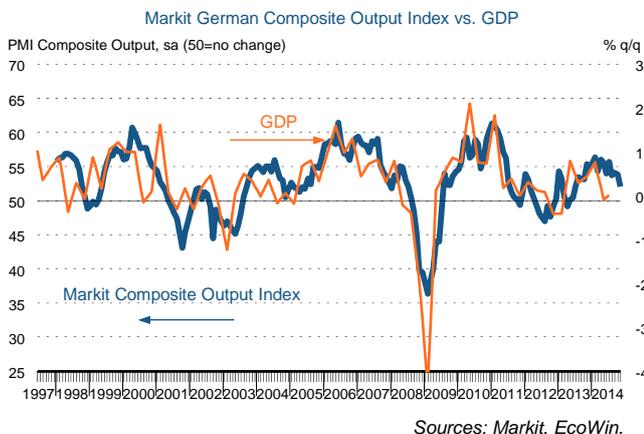
## Markit Flash Germany PMI<sup>®</sup>

### Activity growth drops to 16-month low as new orders stagnate

#### Key points:

- Flash Germany Composite Output Index<sup>(1)</sup> at 52.1 (53.9 in October), 16-month low.
- Flash Germany Services Activity Index<sup>(2)</sup> at 52.1 (54.4 in October), 16-month low.
- Flash Germany Manufacturing PMI<sup>(3)</sup> at 50.0 (51.4 in October), 2-month low.
- Flash Germany Manufacturing Output Index<sup>(4)</sup> at 52.0 (52.8 in October), 2-month low.

#### Historical overview:



#### Summary:

November's flash data signalled a further slowing in private sector output growth in Germany, as highlighted by the seasonally adjusted **Markit Flash Germany Composite Output Index** falling from 53.9 in October to 52.1. While activity has now risen for 19 months running, the pace of expansion was the slowest since July last year, with companies commenting on a lack of new business.

Sector data suggested that output growth slowed at both **manufacturers** and **service providers**. That said, the expansion in output at goods producers was broadly in line with the average for the third quarter, while service sector business activity increased at the weakest rate in 16 months.

The amount of **new business** placed at German

private sector firms was unchanged since October, thereby ending a 16-month period of expansion. **Manufacturers** reported the steepest drop in new work in nearly two years and attributed this to economic uncertainty and weaker demand from both domestic and foreign markets. New export orders fell for the first time since July 2013. Meanwhile, new orders placed with **service providers** increased further, albeit at the slowest pace since January.

The **labour market** showed further resilience to the growth slowdown in Germany's private sector, with companies increasing their workforce numbers for the thirteenth month running. The rate of job creation slowed, however, to a three-month low.

Private sector **backlogs** in Germany's private sector meanwhile continued to fall in November, signalling ongoing spare capacity in the sector. According to anecdotal evidence, a lack of incoming new business helped companies to process existing orders.

German private sector companies signalled little change in **input costs** on the month, ending a 16-month spell of inflation. While lower oil and fuel prices pushed costs down at some companies, higher wages attributed to the upcoming introduction of a minimum wage drove input prices higher at others.

Companies continued to reduce their **selling prices** in November and largely attributed this to sharper competition. While the rate of price discounting was marginal overall, it was nevertheless the sharpest since April last year.

**Manufacturing** companies signalled a renewed fall in **stocks of purchases** in November, following a marginal rise in the previous month. Meanwhile, **vendor performance** deteriorated further, but the rate at which suppliers' delivery times lengthened was the slowest for 15 months.

**Business expectations** at service providers improved from October's 22-month low, but remained well below the series average, as the introduction of a minimum wage and economic

uncertainty at home and abroad weighed on confidence.

**Comment:**

**Oliver Kolodseike, Economist at Markit** and author of the Flash Germany PMI®, said:

*“Private sector output growth in Germany slowed to a 16-month low in November. Moreover, it seems Germany’s service sector has started to lose momentum, with activity growth in the sector the weakest since July last year, while manufacturing growth remained sluggish. Companies reported that economic uncertainty and lower demand from both domestic and foreign markets hampered stronger growth in Germany’s private sector.*

*“The combination of weak output growth, ongoing spare capacity and a lack of new order wins (despite a further reduction in charges) paints a worrying picture of the underlying health of the German economy.*

*“The average PMI reading for the final quarter of the year so far is the weakest since Q3 2013, suggesting that the German economy may fail again to see any meaningful growth in the fourth quarter, after GDP expanded by a marginal 0.1% in the three months to September.”*

-Ends-

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**Note to Editors:**

Final November data are published on 1 December for manufacturing and 3 December for services and composite indicators.

The Germany PMI (Purchasing Managers’ Index) is produced by 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	0.5
Germany Manufacturing PMI <sup>(3)</sup>	0.0	0.3
Germany Services Business Activity PMI Index <sup>(2)</sup>	-0.2	0.7

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).

## 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?"

## About Markit

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## About PMI

*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).

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