

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) July 3<sup>rd</sup> 2019**

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Solid growth of euro area signalled in June

#### Key findings:

- Final Eurozone Composite Output Index: **52.2** (Flash: 52.1, May Final: 51.8)
- Final Eurozone Services Business Activity Index: **53.6** (Flash: 53.4, May Final: 52.9)

Data collected June 12-25

After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** strengthened to 52.2, up from 51.8 in May (and slightly better than the earlier flash reading of 52.1). June's PMI reading was also the highest recorded since November 2018, signalling a pick-up in economic growth of the single currency area.

However, the headline index masked notable divergences in sector performance during June. Whereas the services economy enjoyed a solid rise in activity that was the best in eight months, the recent downturn in manufacturing continued. Production amongst goods producers was reported to have fallen for a fifth successive month, and at a rate that was amongst the sharpest seen in the past six years.

At the country level, Ireland remained the strongest performer thanks to strong growth of its service sector. France enjoyed its best performance for seven months, with both manufacturing and services recording solid output gains.

Meanwhile, Germany and Spain registered unchanged growth rates in June. Italy remained the weakest-performing country, despite registering a slight increase in overall activity for the first time since March.

Solid growth of the eurozone economy was underpinned by a further rise in volumes of new work, the fourth in as many months.

#### IHS Markit Eurozone Composite PMI



#### Countries ranked by Composite PMI\*:

Ireland	54.4	4-month high
France	52.7 (flash: 52.9)	7-month high
Germany	52.6 (flash: 52.6)	unchanged
Spain	52.1	unchanged
Italy	50.1	3-month high

\* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release.

Despite being the best recorded since last November, growth in new work was modest overall. As with activity, overall gains in new work were restricted by another month of deteriorating manufacturing order books.

With overall activity rising at a faster rate than new business, companies continued to make inroads into their work outstanding. June's survey data indicated that backlogs were reduced for a fourth successive month, albeit only slightly and at the slowest rate in the current sequence of contraction.

Additional labour capacity also enabled firms to keep on top of workloads. Staffing levels rose in June at a solid rate, extending the current record period of continuous expansion to 56 months. At the country level, Germany and Ireland led the way in terms of employment gains.

Price pressures showed further signs of waning during June. Input costs rose at the slowest rate since September 2016, pulled down in the main by a first fall in manufacturing input prices for three years. Although output charges continued to rise, they did so only modestly and at a rate amongst the weakest seen in the past two years.

Finally, ongoing worries over global trading conditions led to a second successive monthly fall in business confidence to a level that broadly matched last December's 50-month low.

## Services

The **IHS Markit Eurozone PMI<sup>®</sup> Services Business Activity Index** remained comfortably above the 50.0 no-change mark that separates growth from contraction during June. Moreover, by rising to 53.6, from 52.9 in May, the index indicated the strongest growth of activity since October 2018.

All nations covered by the survey registered a rise in activity compared to the previous month, led by Ireland and Germany. In contrast, Italy recorded only a marginal increase in activity.

Higher overall services activity in the euro area was associated with a similar-sized and stronger increase in new business volumes. This led to some pressure on capacity, as highlighted by the strongest increase in backlogs of work since last November.

Jobs were subsequently created at a faster rate across the euro area services economy. The fastest increase in employment was seen in Germany, followed by Ireland. Solid employment gains were seen in Italy and France.

Rising employment costs remained a key driver of overall inflation of operating expenses in the latest survey period. However, the net rise in costs was the weakest recorded by the survey since September 2017. In contrast, charges rose at a slightly faster rate, though still one that remained well below that of costs.

Finally, business sentiment slumped to a four-and-a-half year low during June. According to the latest data, German and French service providers were the least confident of a rise in activity from present levels in 12 months' time.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The June PMI surveys indicate that the pace of eurozone economic growth picked up at the end of the second quarter, though it would be wrong to get overly excited by the upturn. The survey is indicative of GDP merely rising by just over 0.2% in the second quarter, and a deterioration of business expectations for the year ahead to one of the lowest seen for over four years suggests the business mood remains sombre. Downside risks to the outlook prevail amid trade war worries, rising geopolitical uncertainty and slowing global economic growth.*

*"Looking at the largest states, the survey data are consistent with GDP growth easing sharply to 0.4% in Spain and only modest 0.2% expansions in both France and Germany. Italy is on course to see a 0.1% decline.*

*"Growth is being fuelled by the service sector which is helping offset the deep manufacturing downturn. However, a major concern is that, the longer the manufacturing slump persists, the greater the likelihood of the weakness spilling over to services, where the resilience in the face of the factory sector's downturn so far this year is looking increasingly unusual.*

*"Inflationary pressures have also moderated as weak demand prompted companies to increasingly compete on price.*

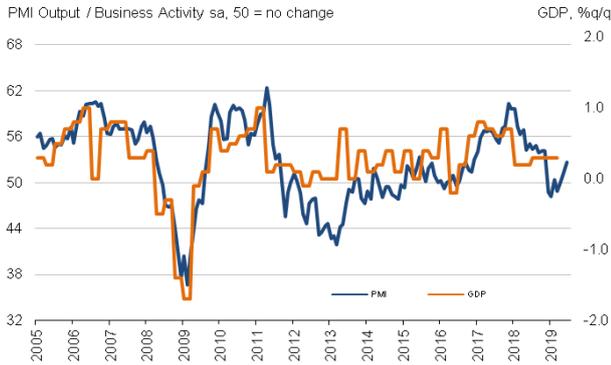
*"Given the relatively weak current and future growth being signalled by the PMI and the accompanying slide in inflationary pressures, we expect to see renewed stimulus from the ECB in coming months."*

-Ends-

\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

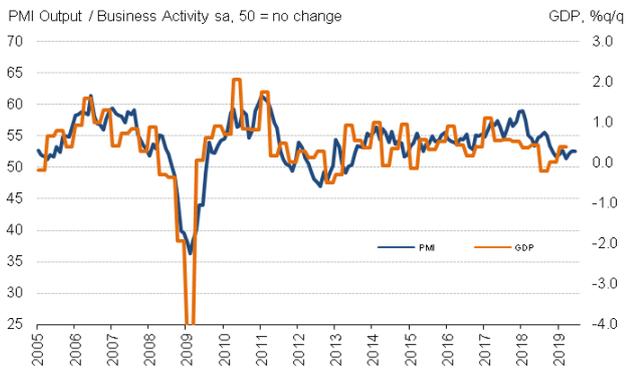
### France



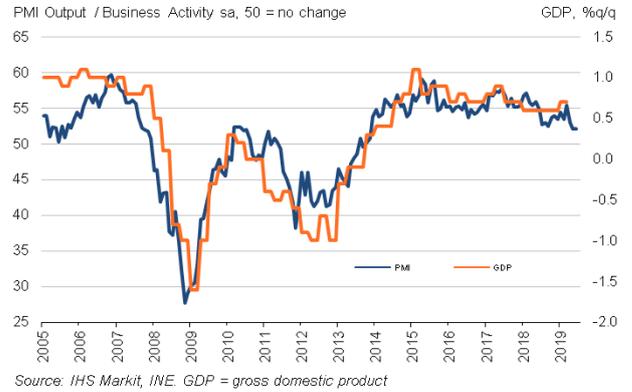
### Italy



### Germany



### Spain



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**Note to Editors:**

The Eurozone Composite *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. National manufacturing data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. National services data are included for Germany, France, Italy, Spain and the Republic of Ireland.

The Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 78% of eurozone private sector services output.

The final Eurozone Composite *PMI* and Services *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The June composite flash was based on 84% of the replies used in the final data. The June services flash was based on 77% of the replies used in the final data. **Data were collected 12-25 June.**

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
Eurozone Composite Output <i>PMI</i>	0.0	0.2
Eurozone Services Business Activity <i>PMI</i>	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).

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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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 <https://ihsmarkit.com/products/pmi.html>.

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