

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 23 November 2021**

## IHS Markit Flash Eurozone PMI<sup>®</sup>

### Faster eurozone economic upturn marred by record inflationary pressures and COVID-19 worries

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 55.8 (54.2 in October). 2-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 56.6 (54.6 in October). 3-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 53.8 (53.3 in October). 2-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 58.6 (58.3 in October). 2-month high.

Data collected November 10-19

Eurozone business activity growth accelerated in November having slipped to a six-month low in October, according to provisional flash PMI<sup>®</sup> data. The upturn was accompanied by a further marked increase in inflationary pressures during the month, as firms' costs and average selling prices charged for goods and services both rose at record rates.

Although the rate of job creation rose to the second-highest in over 21 years as firms sought to meet rising demand, optimism about the outlook sank to a ten-month low on renewed COVID-19 worries and lingering supply constraints.

#### IHS Markit Eurozone PMI and GDP



The headline IHS Markit Eurozone Composite PMI rose for the first time in four months in November, climbing from 54.2 in October to 55.8 according to the 'flash' reading\*. Although indicating an improvement in the rate of growth from October's six-month low and remaining above the survey's pre-pandemic long-run average of 53.0, the average reading for the fourth quarter so far, at 55.0, is substantially lower than the 58.4 average seen in the third quarter, pointing to a weakening of economic growth in the closing quarter of 2021.

By sector, services outperformed manufacturing for a third straight month, recording the strongest growth of activity for three months. Growth also picked up in manufacturing, though remained the second-weakest seen over the past 17 months.

Both sectors saw growth improve on the back of slightly stronger inflows of new business, yet in both cases rates of growth of demand remained well below that seen during the summer months.

In manufacturing, growth was held back in particular by a third successive monthly drop in production in the autos sector. More positively, especially robust expansions were seen for tech equipment, food & drink and household goods.

In the service sector, the weakest performance was recorded for tourism & recreation, where growth hit the lowest since May due primarily to rising virus infection rates.

By country, growth accelerated in Germany and France, with the latter recording the stronger expansion for the second month in a row thanks to the sharpest rise in services activity for nearly four years, which offset a second successive monthly drop in factory output. The rest of the region as a whole meanwhile enjoyed faster growth of both manufacturing and services than seen in France

and Germany.

Especially weak factory output growth was again seen in Germany alongside a subdued service sector expansion, though in both sectors the rate of growth improved on October.

Weak factory output growth was again commonly attributed to supply constraints. Suppliers' delivery times continued to lengthen at one of the steepest rates seen over more than two decades of survey history, easing only modestly compared to October, amid ongoing supply shortages and transport problems.

Fears over supply issues contributed to further inventory building by manufacturers, with November seeing a record build-up of warehouse stocks for the second month running as firms increased their purchases of available inputs.

Despite hiring stepping up across both manufacturing and services, resulting in the second-largest gain in employment recorded over the past 21-years, backlogs of work continued to rise at an elevated pace, increasing at the sharpest rate for three months to hint at ongoing constraints. Backlogs rose most sharply in manufacturing, led by Germany, but also grew to an increased extent in services.

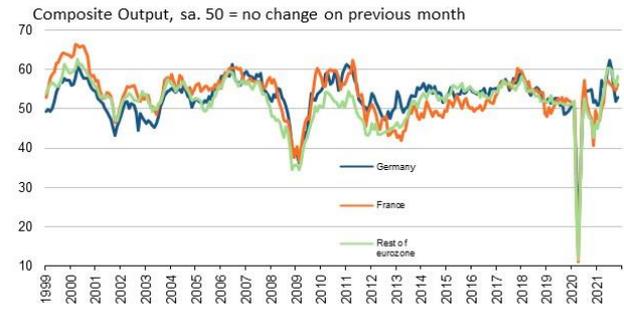
Shortages were meanwhile once again seen as a principal driver of higher prices for many goods and services, alongside higher shipping costs, rising energy prices and increases in staff costs. November consequently saw a survey record increase in firms' input costs for a second successive month, with unprecedented rates of inflation seen in both manufacturing and services.

Selling price inflation likewise accelerated in both manufacturing and services to the fastest in almost two decades of comparable survey history as firms sought to pass higher costs on to customers, most notably in Germany.

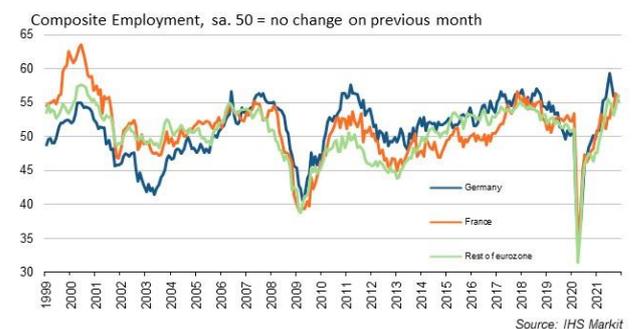
Finally, future output expectations deteriorated to the lowest since January. Ongoing concerns over supply chain issues were exacerbated by growing worries about the impact of further COVID-19 waves, which darkened the outlook for services in particular. Optimism in manufacturing improved from October's one-year low, though remained subdued by supply and price worries.

\* The flash estimate is typically based on approximately 85% of the final number of replies received each month, covering all countries included in the final PMI readings. However, only national data for France and Germany are published.

### Core v. Periphery PMI Output Indices



### Core v. Periphery PMI Employment Indices



### Comment

Commenting on the flash PMI data, Chris Williamson, Chief Business Economist at IHS Markit said:

*“A stronger expansion of business activity in November defied economists’ expectations of a slowdown, but is unlikely to prevent the eurozone from suffering slower growth in the fourth quarter, especially as rising virus cases look set to cause renewed disruptions to the economy in December.*

*“The manufacturing sector remains hamstrung by supply delays, restricting production growth to one of the lowest rates seen since the first lockdowns of 2020. The service sector’s improved performance may meanwhile prove frustratingly short-lived if new virus fighting restrictions need to be imposed. The travel and recreation sector has already seen growth deteriorate sharply since the summer.*

*“With supply delays remaining close to record highs and energy prices spiking higher, upward pressure*

on prices has meanwhile intensified far above anything previously witnessed by the surveys.

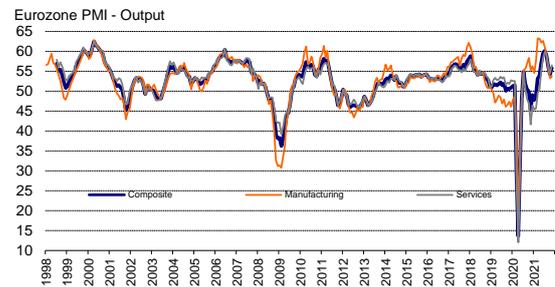
“Not surprisingly, given the mix of supply delays, soaring costs and renewed COVID-19 worries, business optimism has sunk to the lowest since January, adding to near-term downside risks for the eurozone economy.”

-Ends-

### Summary of November data

<b>Output</b>	<b>Composite</b>	<b>Marked rise in business activity.</b>
	Services	Fastest increase in activity for three months.
	Manufacturing	Rate of output growth ticks higher.
<b>New Orders</b>	<b>Composite</b>	<b>Solid expansion in new orders.</b>
	Services	New business up markedly.
	Manufacturing	Further rise in new orders.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Fastest rise in backlogs in three months.</b>
	Services	Solid accumulation of outstanding business.
	Manufacturing	Rate of expansion in backlogs remains substantial.
<b>Employment</b>	<b>Composite</b>	<b>Employment up at sharpest pace since July.</b>
	Services	Steepest increase in employment for over 14 years.
	Manufacturing	Rate of job creation ticks up.
<b>Input Prices</b>	<b>Composite</b>	<b>Fresh record pace of input cost inflation.</b>
	Services	Sharpest rise in input prices on record.
	Manufacturing	Rise in input costs fastest in survey's history.
<b>Output Prices</b>	<b>Composite</b>	<b>Unprecedented increase in selling prices.</b>
	Services	Record rise in output charges.
	Manufacturing	Sharpest increase in selling prices on record.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI at two-month high of 58.6.

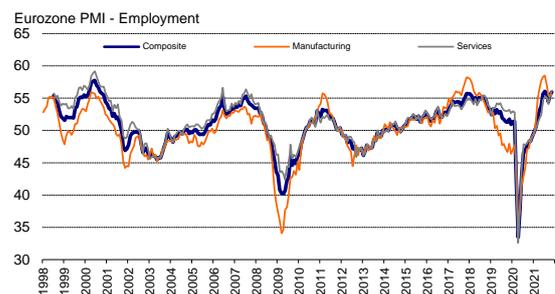
### Output



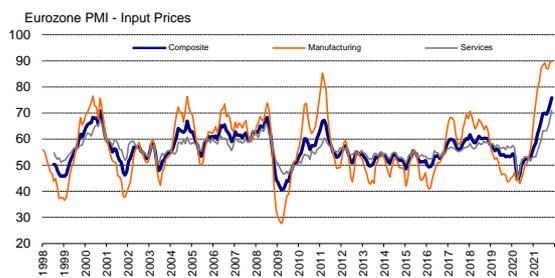
### New business



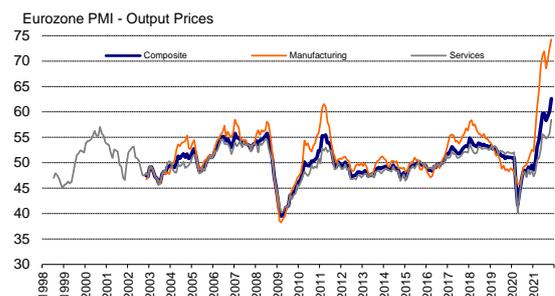
### Employment



### Input prices



### Output prices



Source: IHS Markit.

**For further information, please contact:****IHS Markit**

Chris Williamson, Chief Business Economist  
Telephone +44-20-7260-2329  
Mobile +44-779-5555-061  
Email [chris.williamson@ihsmarkit.com](mailto:chris.williamson@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44 207 260 2234  
E-mail [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**Note to Editors:**

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

The Eurozone *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 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% 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
Eurozone Composite Output Index <sup>1</sup>	0.0	0.3
Eurozone Manufacturing <i>PMI<sup>®</sup></i>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.1	0.3

The *Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>)* 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<sup>®</sup>* 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).

**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 IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

**About PMI**

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>.

The intellectual property rights to the Flash Eurozone *PMI<sup>®</sup>* provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS 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 IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>®</sup> and *PMI<sup>®</sup>* are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).