

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 23 June 2021**

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

### Eurozone economy grows at fastest rate for 15 years

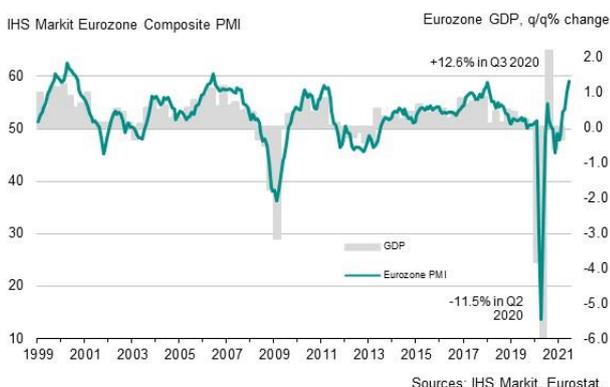
#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 59.2 (57.1 in May). 180-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 58.0 (55.2 in May). 41-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 62.4 (62.2 in May). 2-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 63.1 (63.1 in May). Unchanged.

Data collected June 11-22

Eurozone business activity grew at the fastest rate for 15 years in June as the economy re-opened further from virus-fighting restrictions and vaccine progress boosted confidence. Prices charged for goods and services rose at an unprecedented rate, however, as demand continued to outstrip supply. Despite firms taking on extra staff at the sharpest rate for almost three years, June saw a record rise in backlogs of work, a further near-record lengthening of supply chains and the increasingly widespread depletion of warehouse inventories.

#### IHS Markit Eurozone PMI and GDP



The headline IHS Markit Eurozone Composite PMI<sup>®</sup> increased from 57.1 in May to 59.2 in June, its highest since June 2006, according to the preliminary 'flash' reading\*. The latest reading indicated a third successive month of accelerating output growth as the economy continued to open up from COVID-19 related restrictions.

A further improvement in demand was also recorded, as new order growth likewise accelerated to the fastest since June 2006.

Business confidence in the outlook meanwhile rose to the highest since future sentiment data were first available in 2012, buoyed by the recent surge in demand and prospects of the economy opening up further in coming months.

Manufacturing continued to lead the upturn, reporting a twelfth successive month of output growth with the rate of expansion picking up again, albeit remaining slightly below March's record high. Production growth was again sharpest in Germany, with France lagging the rest of the region amid a slower rate of new order growth.

Although manufacturing reported the stronger pace of growth, it was the service sector that again reported the biggest improvement in performance, with business activity growth accelerating to a pace not exceeded since July 2007.

The steepening pace of service sector growth seen over the past three months contrasts markedly with the seven months of successive declines seen prior to April, and principally reflects the easing of virus-fighting measures in many eurozone member states, notably in hospitality. Service sector growth accelerated across the region, albeit with an especially marked improvement in performance evident in Germany.

Underscoring the economic boost from the removal of some pandemic-related travel restrictions was the largest rise in services exports since at least September 2014 (when data were first collected).

The renewed surge in demand and brightening outlook prompted firms to take on additional staff for a fifth straight month, boosting employment numbers to the greatest extent since August 2018.

Despite the rise in employment during the month, with job gains in both manufacturing and services hitting the highest since 2018, firms reported the largest accumulation of backlogs of work since data were first available in 2002. While manufacturers reported an especially marked rise in uncompleted orders, backlogs also rose at the fastest rate for over two decades in the service sector.

Rising backlogs of work were accompanied by widespread supply shortages for many inputs. Manufacturers reported a lengthening of supply chains that was only slightly less marked than the 24-year survey record seen in May. Producers' inventories of finished goods stock meanwhile fell at the sharpest rate since 2009 as high sales depleted warehouses.

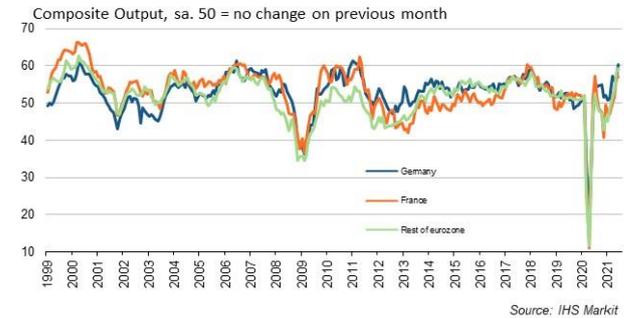
Amid these signs of demand continuing to run ahead of supply for many goods and services, inflationary pressures increased again in June.

Average input prices rose at a rate exceeded only once (in September 2000) over the 23-year survey history. A record increase in manufacturers' material prices was accompanied by the steepest increase in service sector costs since July 2008, the latter reflecting widespread reports of higher supplier prices, increased fuel and transport costs plus rising wage pressures.

Average prices charged for goods and services meanwhile rose at by far the fastest pace since comparable data for both sectors were first available in 2002, with prices rising in each sector at rates not exceeded for approximately two decades.

\* 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:

“The eurozone economy is booming at a pace not seen for 15 years as businesses report surging demand, with the upturn becoming increasingly broad-based, spreading from manufacturing to encompass more service sectors, especially consumer-facing firms.

“Virus containment measures have been eased to the lowest since last September and are set to be reduced further in July to the lowest since the pandemic began. Vaccination programmes are also making impressive progress. This has not only facilitated greater activity in the service sector in particular, but the brightening prospect of life increasingly returning to normal has also pushed confidence to an all-time high, fueled greater spending and encouraged hiring.

“The data set the scene for an impressive expansion of GDP in the second quarter to be followed by even stronger growth in the third quarter.

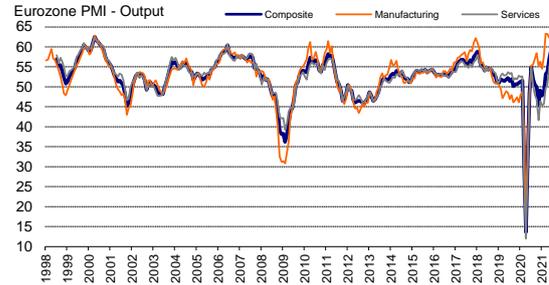
“However, the strength of the upturn – both within Europe and globally – means firms are struggling to meet demand, suffering shortages of both raw materials and staff. Under these conditions, firms’ pricing power will continue to build, inevitably putting further upward pressure on inflation in the coming months.”

-Ends-

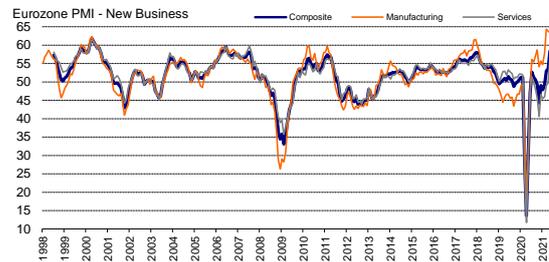
### Summary of June data

<b>Output</b>	<b>Composite</b>	<b>Strongest output growth for 15 years.</b>
	Services	Activity rises at fastest pace since January 2018.
	Manufacturing	Manufacturing production increases sharply.
<b>New Orders</b>	<b>Composite</b>	<b>New order growth fastest since June 2006.</b>
	Services	Steepest expansion since August 2007.
	Manufacturing	Further strong rise in new business.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs accumulate at new record pace.</b>
	Services	Near-record expansion in outstanding business.
	Manufacturing	Substantial increase in backlogs.
<b>Employment</b>	<b>Composite</b>	<b>Rate of job creation accelerates further.</b>
	Services	Solid increase in employment.
	Manufacturing	Fastest rise in staffing levels for almost three-and-a-half years.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation steepest since September 2000.</b>
	Services	Sharpest rise in input costs for almost 13 years.
	Manufacturing	Fresh record increase in input prices.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices rise at record pace.</b>
	Services	Charge inflation fastest since October 2000.
	Manufacturing	Pace of increase quickens for fifth month running.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI unchanged at 63.1.

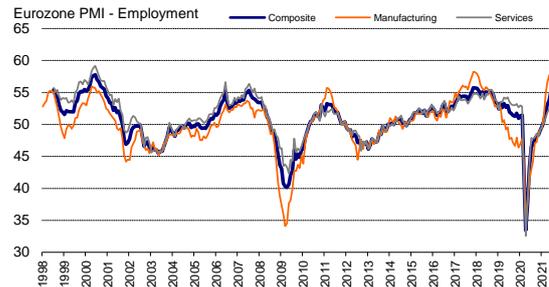
### Output



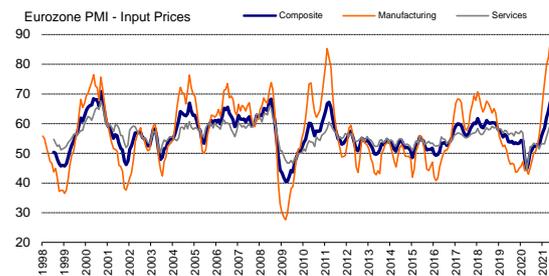
### New business



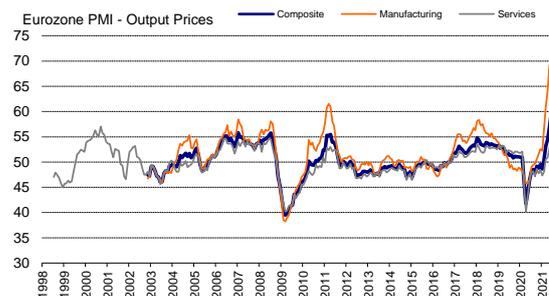
### Employment



### Input prices



### Output prices



Source: IHS Markit.

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**Note to Editors:**

Final June data are published on 1 July for manufacturing and 5 July 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>	0.1	0.3
Eurozone Manufacturing <i>PMI</i> <sup>2</sup>	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?"

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**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>.

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