

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Manufacturing PMI[®] – final data

Eurozone manufacturing PMI reaches new heights in May

Key findings:

- Final Eurozone Manufacturing PMI at 63.1 in May (Flash: 62.8, April Final: 62.9)
- Slightly softer rises in output and new orders, but growth rates remain considerable
- Record deterioration in vendor delivery times drives intensification of inflationary pressures

Data collected 12-21 May

IHS Markit Eurozone Manufacturing PMI



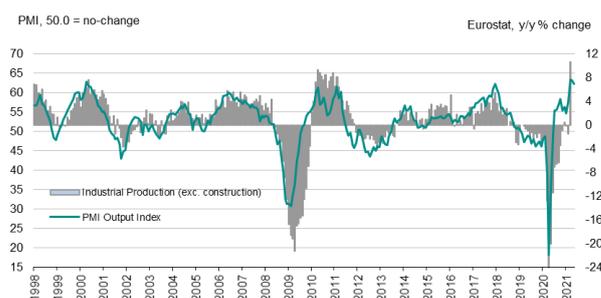
Source: IHS Markit.

The eurozone manufacturing economy experienced a new record improvement in operating conditions during May. The headline PMI[®] recorded 63.1, compared to 62.9 in April and its highest reading in the survey history (data for the eurozone have been available since June 1997). The headline index has now recorded readings above the 50.0 no-change mark that separates growth from contraction for 11 months in succession.

All three market groups once again recorded strong improvements in operating conditions during May. Investment goods producers were again the best-performing, registering rapid gains in both output and new orders. The intermediate goods and consumer goods categories both saw stronger growth, with respective PMI readings for May close to survey record highs.

Countries ranked by Manufacturing PMI: May

Netherlands	69.4	record high
Austria	66.4	record high
Germany	64.4 (flash: 64.0)	3-month low
Ireland	64.1	record high
Italy	62.3	record high
France	59.4 (flash: 59.2)	248-month high
Spain	59.4	276-month high
Greece	58.0	253-month high



Source: IHS Markit, Eurostat

At the country level the Netherlands registered the highest PMI, followed by Austria. In each case, latest readings were respective survey records.

Of the remaining six countries covered by the survey, Ireland and Italy also recorded their highest ever PMI numbers, whilst Greece, France and Spain all registered multi-year peaks. Germany was the only nation to record slower growth, though still managed to register a rate of expansion close to March's survey record.

Growth of manufacturing output was the slowest recorded by the survey for three months, though it nonetheless remained close to March's survey record with production again underpinned by rapid gains in new orders. May's survey indicated that sales rose at the third-strongest rate in the survey history (surpassed only by increases seen in the preceding two months). New order books were swollen by increased demand from across domestic and

international markets: new export business* rose again at a historically sharp pace.

Placing constraints on production activities were ongoing difficulties in sourcing inputs from vendors. Deliveries from suppliers deteriorated at a severe and unprecedented rate during the month, as demand for inputs again exceeded the supply capabilities of vendors.

Indeed, purchasing activity amongst eurozone manufacturing firms rose at a fresh survey record rate but, faced with delays in delivery, firms again utilised their existing stocks wherever possible. The result was a twenty-eighth successive monthly fall in input inventories. In a bid to meet strong demand, manufacturers reduced their stocks of finished goods to the sharpest degree recorded by the survey since November 2009.

On the price front, average input costs again rose substantially, with the rate of inflation hitting an unprecedented level in line with widespread product shortages. Boosted by strong market demand, manufacturers took advantage of improved pricing power by raising their own charges at the fastest rate in more than 18 years of data availability.

With new orders rising at a faster rate than output, levels of work outstanding continued to increase in May. Moreover, the rate of growth hit a fresh survey record for the third month running. This encouraged firms to add to their workforce numbers, leading to a net rise in manufacturing employment for the fourth successive survey period. Growth also accelerated, reaching its highest since January 2018. All nations once again registered a rise in staffing levels, with Austria, Ireland and the Netherlands enjoying the sharpest gains.

Finally, confidence about the future remained highly positive in May despite easing to its lowest in the past four months. Manufacturers remained buoyed by the potential opportunities over the coming year from the hoped-for further reopening of economies and easing of restrictions related to dealing with the COVID-19 pandemic.

* Includes intra-eurozone trade.

Comment

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

“Eurozone manufacturing continues to grow at a rate unprecedented in almost 24 years of survey history, the PMI breaking new records for a third month in a row. Surging output growth adds to signs that the economy is rebounding strongly in the second quarter.

“However, May also saw record supply delays, which are constraining output growth and leaving firms unable to meet demand to a degree not previously witnessed by the survey.

“High sales volumes are consequently depleting warehouse stocks and backlogs of uncompleted work have soared at a record pace. While these forward-looking indicators bode well for production and employment gains to persist into coming months as firms seek to catch up with demand, the flip-side is higher prices. The combination of strong demand and deteriorating supply is pushing up prices to a degree unparalleled over the past 24 years.

“The survey data therefore indicate that the economy looks set for strong growth over the summer but will likely also see a sharp rise in inflation. However, we expect price pressures to moderate as the disruptive effects of the pandemic ease further in coming months and global supply chains improve. We should also see demand shift from goods to services as economies continue to reopen, taking some pressure off prices but helping to sustain a solid pace of economic recovery.

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The May 2021 flash was based on 93% 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
Eurozone Manufacturing <i>PMI</i>	0.0	0.1

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 revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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