

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

Eurozone manufacturing sector expands at survey record rate in March

Key findings:

- Final Eurozone Manufacturing PMI at 62.5 in March (Flash: 62.4, February Final: 57.9)
- Record increases in output, new orders, exports and purchasing activity
- Unprecedented supply-side delays drive sharpest rise in input costs for a decade

Data collected 12-24 March

Countries ranked by Manufacturing PMI: March

Germany	66.6 (flash: 66.6)	record high
Netherlands	64.7	record high
Austria	63.4	39-month high
Italy	59.8	252-month high
France	59.3 (flash: 58.8)	246-month high
Ireland	57.1	8-month high
Spain	56.9	171-month high
Greece	51.8	13-month high

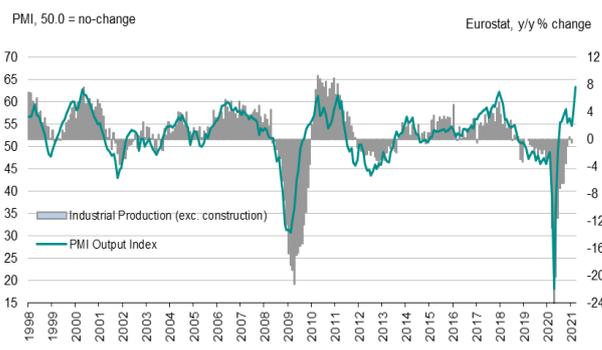
IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.

The eurozone's manufacturing economy performed extremely strongly during March, with operating conditions improving to the greatest degree in nearly 24 years of data collection. After accounting for seasonal factors, the headline PMI® surged to 62.5, up from February's 57.9 and indicative of a considerable strengthening of sector performance. The index has now registered above the 50.0 no-change mark that separates growth from contraction for nine months in succession.

Once again, all three broad market groups recorded a month-on-month strengthening of operating conditions. Growth rates were also higher in all instances, although gains were especially strong amongst investment and intermediate goods producers with series record highs seen in each case during March.



Source: IHS Markit, Eurostat

Growth was broad-based across the region, with Germany and the Netherlands leading the way. Both nations recorded their highest ever PMI levels in March.

Austria also performed exceptionally strongly, whilst Italy and France both recorded levels amongst the highest in their respective survey histories. Ireland saw growth hit an eight-month high, whilst Spain registered its best performance since late 2006.

Greece, in contrast, recorded only modest growth, despite enjoying its best PMI reading for over a year.

Underpinning the headline Eurozone PMI were record rises in both output and new orders in March. A general strengthening in demand, on the back of increasing confidence about future economic conditions, helped to drive the record increases in production and output. Latest data showed that new

export orders* rose for a ninth successive month and at a series record pace.

The further strengthening of trade, orders and production placed further strain on already stretched supply chains. According to the latest data, average lead times for the delivery of inputs lengthened at an unprecedented rate as challenges in sourcing inputs due to product shortages, stronger global demand and ongoing logistical challenges linked to COVID-19 continued in March.

This all served to add to inflationary pressures. Input costs were reported to have risen in March to the greatest degree for a decade. Whilst all nations recorded an increase in costs, the most extreme rises were seen in Austria, Germany, and the Netherlands.

Faced with a considerable rise in operating expenses, and with stronger market demand bolstering pricing power, average prices charged by eurozone manufacturers also increased sharply in March. The rate of inflation was historically strong, reaching its highest since April 2011.

With firms looking to bolster production activities, purchasing activity increased sharply (and adding further pressure to supply-chains). According to the latest data, the rate of increase in buying was the strongest ever recorded by the survey, although with continued delays in delivery, firms sought to utilise their existing stocks wherever possible. Whilst falling at a slightly slower rate, input stocks declined in March for a twenty-sixth successive month.

Rising workloads as evidenced not only by increased new orders, but a series record increase in backlogs of work, encouraged manufacturers to take on additional workers. Marking a second successive monthly rise in employment, the latest survey indicated that jobs growth was the strongest seen since August 2018.

Finally, confidence about output over the next 12 months held broadly steady on February's record high. Of the nations covered by the survey, optimism was highest in the Netherlands and Ireland.

* Includes intra-eurozone trade.

Comment

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

“Eurozone manufacturing is booming, with production and order books growing at rates unprecedented in nearly 24 years of PMI survey history during March.

“Although centred on Germany, which saw a particularly strong record expansion during the month, the improving trend is broad based across the region as factories benefit from rising domestic demand and resurgent export growth.

“Driving the upturn has been a marked improvement in business confidence in recent months, with expectations of growth in the year ahead running at record highs in February and March. This has not only boosted spending but has also led to rising investment and restocking, as firms prepare for even stronger demand following the vaccine roll-out.

“The picture is blighted, however, by record supply chain disruptions, which will likely be exacerbated further by delays arising from the Suez Canal blockage. Prices are already rising at the fastest rate for a decade as demand outstrips supply, resulting in a sellers' market for many goods.

“While the forces driving prices higher appear to be temporary, linked to the initial rebound from COVID-19 lockdowns, any further upward pressure on firms' costs and selling prices is unwelcome.

“Encouragingly, the recent expansion of output means production in the eurozone is likely to have surpassed its pre-COVID peak, and hiring has already accelerated markedly as producers seek to build additional capacity to meet higher demand.”

-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 March 2021 flash was based on 92% 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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