

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 3rd June 2021

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Services sector drives further acceleration in growth during May

Key findings:

- Final Eurozone Composite Output Index: **57.1** (Flash: 56.9, April Final: 53.8)
- Final Eurozone Services Business Activity Index: **55.2** (Flash: 55.1, April Final: 50.5)

Data collected 12-25 May

A resurgent services economy helped to drive private sector growth higher during May. After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** recorded 57.1, up from 53.8 in April. Not only did May mark a third successive month of expansion, but the best recorded since February 2018.

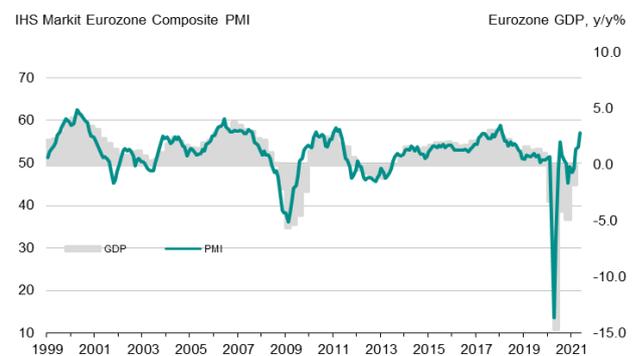
The upturn in the index was driven in the main by a noticeable acceleration of growth in services activity. May's data indicated a second successive monthly rise in service sector output, and the best recorded for nearly three years. Nonetheless, despite seeing the slowest growth for three months, manufacturing output continued to a rise at a sharper rate than services activity.

At the country level, Ireland led the way, with growth here reaching its highest level in just over 21 years of data collection. Spain also performed strongly, registering its best performance in fourteen-and-a-half years, whilst growth in France hit a ten-month high.

Germany saw growth improve slightly, but it was Italy that recorded the weakest net rise in private sector output despite enjoying the sharpest growth in over three years.

Thanks to continued strength in demand for manufactured goods and a noticeable improvement in services new business, private sector new work rose to the strongest degree since June 2006.

IHS Markit Eurozone Composite PMI Output Index



Sources: IHS Markit, Eurostat.

Countries ranked by Composite PMI*:

Ireland	63.5	record high
Spain	59.2	174-month high
France	57.0 (flash: 57.0)	10-month high
Germany	56.2 (flash: 56.2)	2-month high
Italy	55.7	39-month high

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

Sales growth was also broad-based by demand source, with gains recorded in both domestic and international markets. New export business rose for a sixth successive month, with the net increase the sharpest since composite data were first available in September 2014.

Such was the rise in new work that companies struggled to keep on top of overall workloads, as evidenced by a rise in backlogs of unfinished business for a third month in succession. The rate of growth also accelerated, reaching its highest level in over 18 years of data availability.

This encouraged companies to take on additional staff for a fourth successive month. The net rise was the sharpest recorded by the survey in over two-and-a-half years, with growth led by Germany and Ireland.

Confidence in the outlook also improved during May, hitting its highest level since comparable data were first available in mid-2012. That was despite signs of continued cost pressures. Input prices overall increased to the sharpest degree in over a decade.

Efforts to pass on higher input costs to clients in the form of increased output prices meant that output prices rose at the strongest rate in the series history.

Services

May's **IHS Markit Eurozone PMI® Services Business Activity Index** jumped to its highest level for just under three years in May, recording 55.2, up from 50.5 in the previous month.

All nations recorded an improvement in activity since April, albeit with some considerable differences in growth rates. Ireland and Spain led the way, followed by France. Germany recorded the slowest expansion.

The improvement in overall regional activity coincided with the easing of COVID-19 restrictions across a number of nations during May, which helped not only support output growth, but also a rise in volumes of new business for the first time since last July. Growth was also sharp, and the best seen for 40 months.

Backlogs of work increased as a result, rising for a second month in succession and encouraging companies to take on additional staff for the fourth month running. Overall employment rose solidly and at the strongest rate since February 2020. Positive projections for activity in line with expectations of the successful rollout of vaccination programmes also supported hiring activity. Sentiment was the highest recorded by the survey for over 17 years.

Operating expenses meanwhile rose at the greatest rate for over a decade, as pipeline price pressures were felt in the service sector. Although output charges rose again, the rate of inflation was relatively modest despite hitting a 25-month high.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The eurozone's vast service sector sprang back into life in May, commencing a solid recovery that looks likely to be sustained throughout the summer.

"Businesses reported the strongest surge in demand since the start of 2018 as covid restrictions were eased and vaccine progress boosted confidence.

"After covid fighting measures were tightened to the harshest for a year in April, restrictions eased considerably in May on average. These measures are on course to moderate further at least until the autumn, assuming further significant covid waves are avoided. This should facilitate the further return to more normal business conditions as the summer proceeds. Business optimism for the year ahead has consequently hit the highest for over 17 years.

"The service sector revival accompanies a booming manufacturing sector, meaning GDP should rise strongly in the second quarter. With a survey record build-up of work-in-hand to be followed by the further loosening of covid restrictions in the coming months, growth is likely to be even more impressive in the third quarter.

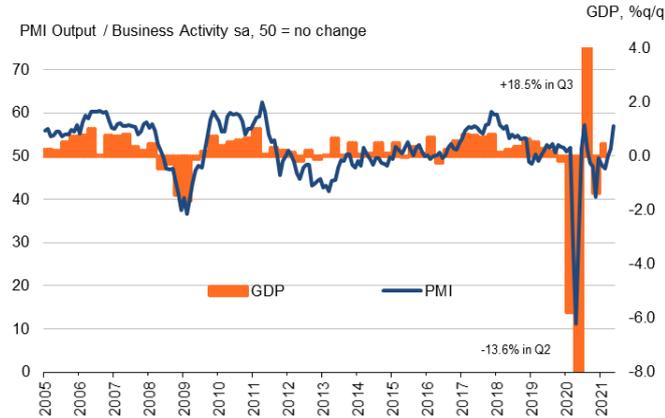
"A growing area of concern is capacity constraints, both in terms of supplier shortages and difficulties taking on new staff to meet the recent surge in demand. This is leading to a spike in price pressures, which should ease as supply conditions improve, but may remain an area of concern for some months, especially if labour shortages feed through to higher wages."

-Ends-

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

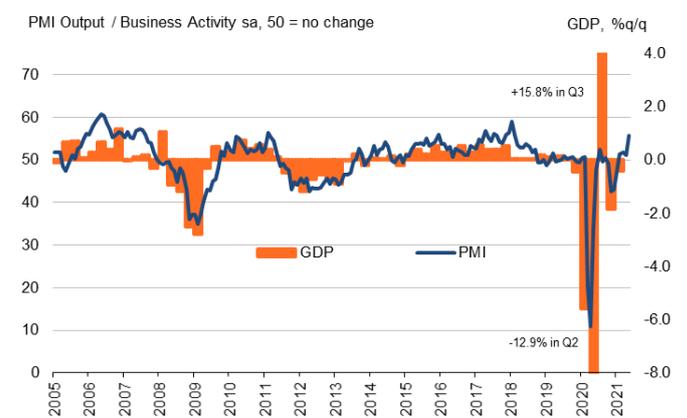
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

France



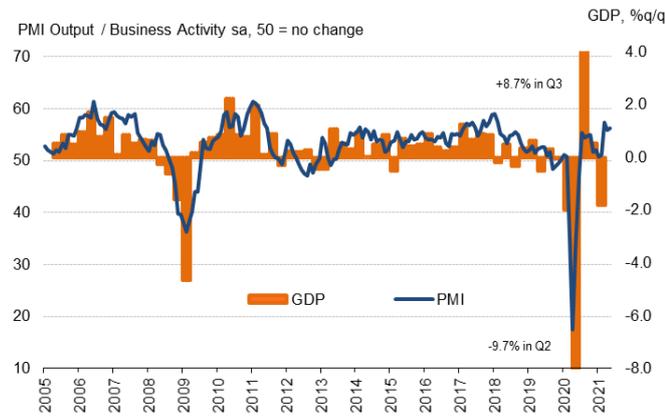
Source: IHS Markit, INSEE GDP = gross domestic product

Italy



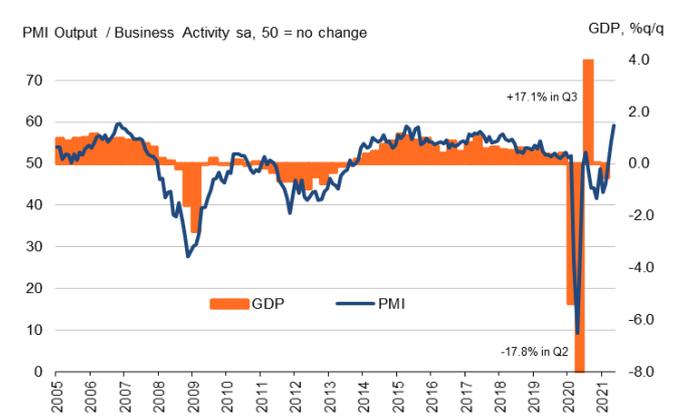
Source: IHS Markit, ISTAT GDP = gross domestic product

Germany



Source: IHS Markit, FSO. GDP = gross domestic product

Spain



Source: IHS Markit, INE. GDP = gross domestic product

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Note to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) 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 May composite flash was based on 87% of the replies used in the final data. The May services flash was based on 80% 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 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.

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About PMI

Purchasing Managers' Index[®] (*PMI*[®]) 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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