

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) June 5th 2019

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Private sector growth remains subdued during May

Key findings:

- Final Eurozone Composite Output Index: **51.8** (Flash: 51.6, April Final: 51.5)
- Final Eurozone Services Business Activity Index: **52.9** (Flash: 52.5, April Final: 52.8)

Data collected May 13-28

May saw the continued expansion of the euro area private sector, albeit at a modest pace. After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** rose to 51.8 in May, up from April's 51.5 and slightly better than the earlier flash reading (51.6). The latest index reading was the highest for three months, and extended the current period of continuous growth to just under six years.

In line with the recent trend, it was the service sector that provided the impetus to overall growth during May, expanding at a solid pace. In contrast, manufacturing output fell for a fourth successive month, albeit at the slowest pace since February.

By country, Germany saw growth improve to a three-month high and, despite recording its weakest expansion for five-and-a-half years, Spain continued to expand solidly.

In France, output increased modestly, but Italy remained just inside contraction territory for a second successive month.

Modest growth of the private sector economy occurred at a time when levels of incoming new business were rising only slightly for the third month running.

With activity increasing solidly, firms were subsequently able to reduce their overall backlogs of work for a third consecutive month.

IHS Markit Eurozone Composite PMI



Countries ranked by Composite PMI*:

Germany	52.6 (flash: 52.4)	3-month high
Spain	52.1	66-month low
France	51.2 (flash: 51.3)	6-month high
Italy	49.9	2-month high

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

Companies were also able to keep on top of their workloads thanks to the continued expansion of the private sector workforce. May's survey indicated a solid rise in staffing levels, albeit a slower pace than in April.

All nations covered by the survey registered employment gains. Germany remained a strong performer, though overall job creation purely reflected a strongly performing services economy as manufacturing jobs continued to fall.

May's survey signalled that firms continued to face higher operating expenses, although inflation eased since April to its second-weakest in the past two-and-a-half years. Output charges were also increased at a slower rate, with the degree of inflation easing to its weakest level since November 2016.

Finally, business confidence, undermined by ongoing worries over Brexit, US-China trade and European political instability, fell in May to its lowest level since the start of the year. German companies signalled by far the lowest level of confidence about activity over the coming year.

Services

May's **IHS Markit Eurozone PMI® Services Business Activity Index** signalled ongoing growth of the euro area's service sector. After accounting for seasonal factors, the index recorded 52.9, a little higher than April's 52.8 and better than the earlier flash reading of 52.5.

Solid growth occurred in spite of a slowdown in the rate of new business expansion to a three-month low. Germany and Spain both recorded notably weaker gains in new work, whilst there was a decline seen in Italy.

May's survey data nonetheless indicated some pressure on capacity as signalled by a slight increase in backlogs of work for the first time in three months.

This encouraged companies to continue to take on additional staff. Employment in the service sector continued to rise markedly over the month, extending the current run of continuous expansion to over four-and-a-half years. Jobs continued to be created at the sharpest rate in Germany.

Demand for staff led to further upward pressure on wages, and this was a key component behind a sharp increase in overall service sector costs. Competitive pressures, however, meant that firms could only pass on a modest fraction of their higher operating expenses. Latest data showed that output charges rose at the weakest pace since August 2017.

Finally, business sentiment remained subdued in May, falling to its weakest level for four months. Firms operating in Germany were the least confident of a rise in activity in the coming year.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The final eurozone PMI for May came in higher than the flash estimate, indicating the fastest growth for three months, but the overall picture remains one of weak current growth and gloomier prospects for the year ahead. While the service sector has seen business conditions improve compared to late last year, growth remains only modest, in part reflecting a spill-over from the trade-led downturn in the manufacturing sector.

"Despite output at goods and service providers collectively rising at a slightly faster rate in May, the survey data are merely indicating a modest 0.2% rise in GDP in the second quarter.

"Furthermore, there seems little prospect of any immediate improvement: new orders barely rose in May, painting one of the gloomiest pictures of demand seen over the past six years, and companies' expectations of growth over the coming year likewise fell to one of the lowest in six years.

"The survey also brought further signs that companies are having to increasingly compete on price to sustain sales growth, dampening inflationary pressures to the lowest for two-and-a-half years.

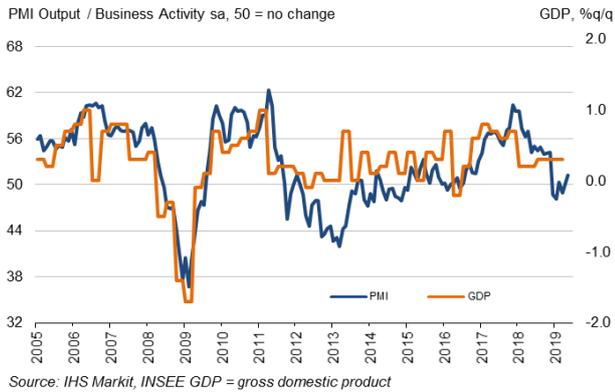
"Although Germany and France saw stronger growth in May, rates of increase remained subdued. Spain meanwhile saw growth slip to the lowest since late-2013 but Italy once again reported the toughest conditions, stuck in a mild downturn."

-Ends-

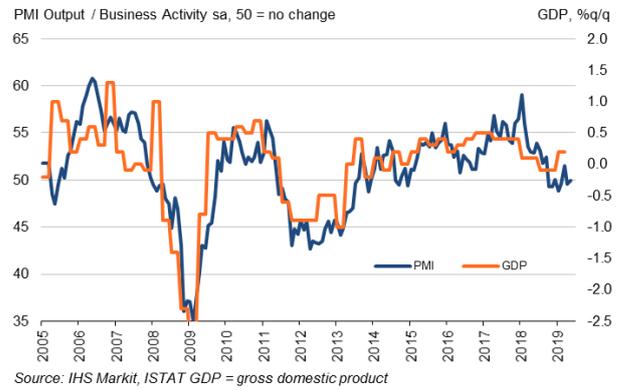
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

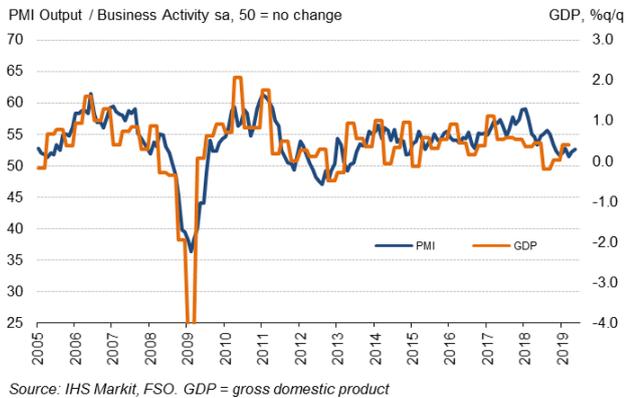
France



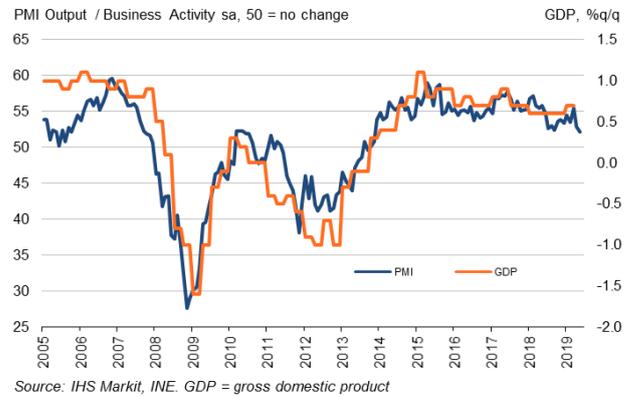
Italy



Germany



Spain



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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 88% of the replies used in the final data. The May services flash was based on 80% of the replies used in the final data. **Data were collected 13-28 May.**

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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