

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 7th April 2021

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Eurozone private sector returns to growth on back of strong manufacturing performance

Key findings:

- Final Eurozone Composite Output Index: **53.2** (Flash: 52.5, February Final: 48.8)
- Final Eurozone Services Business Activity Index: **49.6** (Flash: 48.8, February Final: 45.7)

Data collected 12-26 March

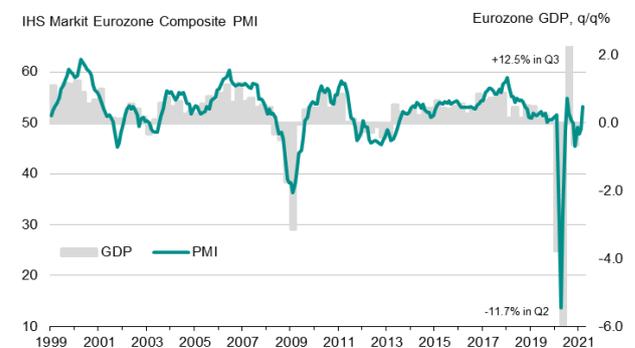
Underpinned by a series record increase in manufacturing output, the eurozone private sector economy returned to growth during March. After accounting for seasonal effects, the **IHS Markit Eurozone PMI® Composite Output Index** posted 53.2, up from 48.8 and the highest level since last July. The index was also above the earlier flash reading for March.

The second-fastest increase in private sector output in two-and-a-half years was driven in the main by a surge in manufacturing production, the strongest in nearly 24 years of data collection. In contrast, services output fell again, although only marginally and at the slowest rate in the current seven-month sequence of contraction.

The improved activity picture was broadly seen across the eurozone, with all nations experiencing a rise in their headline indices during March. Growth was led by Germany, where a resurgent manufacturing economy helped drive the country's best overall activity performance in just over three years.

Ireland also saw a solid expansion, followed by modest growth in Italy and a slight activity rise in Spain. France was the only country not to record an expansion in activity, although output was stable following six successive monthly declines.

IHS Markit Eurozone Composite PMI Output Index



Sources: IHS Markit, Eurostat.

Countries ranked by Composite PMI*:

Germany	57.3 (flash: 56.8)	37-month high
Ireland	54.5	8-month high
Italy	51.9	8-month high
Spain	50.1	8-month high
France	50.0 (flash: 49.5)	7-month high

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

Supporting the rise in overall eurozone private sector activity was an increase in new orders – again led in the main by the manufacturing economy. Overall, new sales rose at the sharpest degree in two-and-a-half years. Moreover, demand increased across both domestic and external markets, with new export business rising at the strongest rate in over six-and-a-half years of data collection.

Rising new business added to overall workloads, with firms reporting an increase in backlogs of unfinished business for the first time since November 2018. This spilled over into the labour market, with firms choosing to take on additional workers for the second successive month and to the greatest degree since June 2019. Jobs growth

was seen across both manufacturing and services economies.

Cost pressures meanwhile intensified, with March's data showing the sharpest rise in operating expenses for nearly a decade. Supply-side delays were reported to be a key factor driving input prices higher, especially in manufacturing.

Firms were, however, able to pass on a portion of these higher costs to clients in the form of higher output charges. Latest data showed that output price inflation accelerated during March to its strongest since the start of 2019.

Finally, amid growing hopes that vaccination programmes will provide the basis for a strong rise in activity in the second half of 2021, business confidence improved to a 37-month peak.

Services

The **IHS Markit Eurozone PMI® Services Business Activity Index** remained stuck below the 50.0 no-change mark for a seventh successive month in March. However, a rise in the index to 49.6, from 45.7 in the previous month, pointed to only a marginal rate of contraction that was the slowest in the current sequence.

Germany and Ireland both recorded higher levels of service sector activity during March. All other nations recorded declines although rates of contraction were modest, and noticeably slower in France and Spain.

An eighth successive monthly fall in incoming new business was registered during March. In line with activity, the rate of contraction was only marginal, however. New export business continued to drag on overall performance, with foreign sales declining for a thirty-first successive month.

Amid rising levels of confidence about the future – business expectations reached the highest for over three years – service providers took on extra staff for a second successive month in March. Modest growth was underpinned by payroll gains in France, Germany and Ireland.

Finally, operating expenses increased for a tenth successive month in March, with inflation rising to its highest since February 2020. Output charges

subsequently increased for the first time in over a year, though only slightly.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“Eurozone business activity bounced back in March, returning to growth after four months of decline with an even stronger expansion than signaled by the forecast-beating ‘flash’ data.

“Manufacturing is booming, led by surging production in Germany, and the hard-hit service sector has come close to stabilizing as optimism about the outlook improved further during the month. Firms’ expectations of growth are running at the highest for just over three years amid growing hopes that the vaccine roll-out will boost sales in the coming months.

“Strengthening demand has already led to the largest rise in backlogs of uncompleted work seen for almost three years, encouraging increasing numbers of firms to take on additional staff. Improving labour markets trends should help further lift consumer confidence and spending as we head into the second quarter.

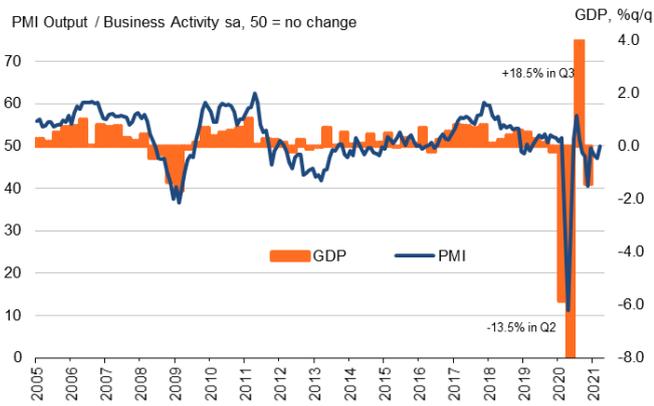
“The survey therefore indicates that the economy has weathered recent lockdowns far better than many had expected, thanks to resurgent manufacturing growth and signs that social distancing and mobility restrictions are having far less of an impact on service sector businesses than seen this time last year. This resilience suggests not only that companies and their customers are looking ahead to better times, but have also increasingly adapted to life with the virus.”

-Ends-

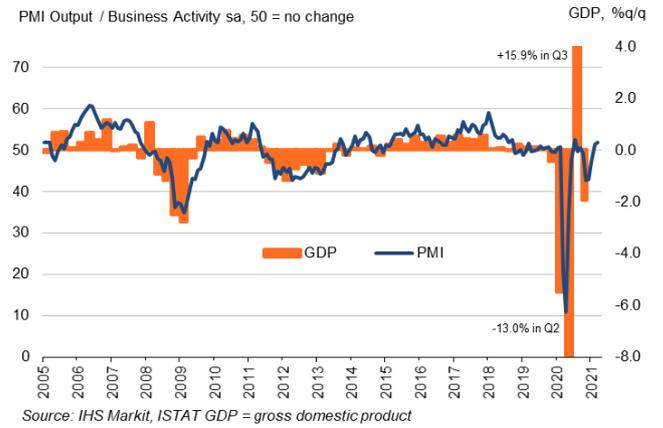
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

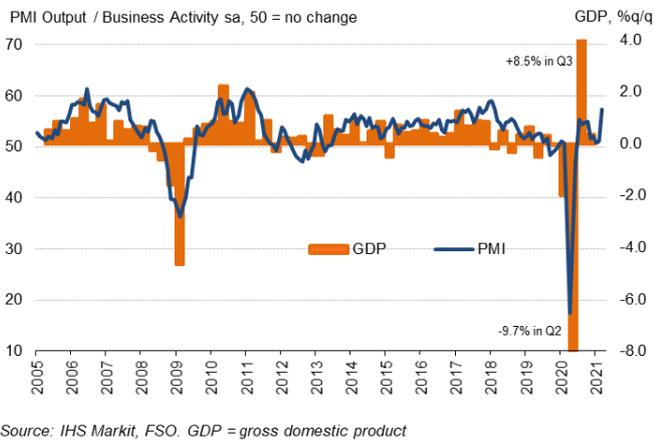
France



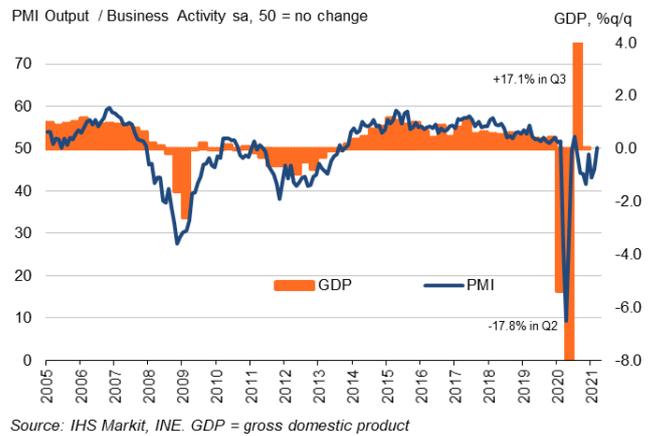
Italy



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 March composite flash was based on 89% of the replies used in the final data. The March services flash was based on 84% 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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