

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) May 6th 2019

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Subdued growth of euro area continues in April

Key findings:

- Final Eurozone Composite Output Index: **51.5** (Flash: 51.3, March Final: 51.6)
- Final Eurozone Services Business Activity Index: **52.8** (Flash: 52.5, March Final: 53.3)

Data collected April 10-25

The **IHS Markit Eurozone PMI® Composite Output Index** recorded 51.5 in April, compared to 51.6 in the previous month. The latest index reading was the lowest for three months, though a little firmer than the flash reading of 51.3. Moreover, despite its modest level in April, by remaining above the 50.0 no-change mark, the index signalled that growth of the private sector economy has now been recorded continuously for nearly six years.

There remained notable differences in performance between the manufacturing and services sectors. Whereas manufacturing production fell for a third successive month, service sector growth was sustained at a solid, albeit slower, rate.

The net increase in activity was again linked to higher levels of incoming new work, which rose modestly but at the best rate since last November. Manufacturing new orders continued to fall markedly, in contrast to a solid uptick in services.

By country, it was in Ireland where the strongest increase in business activity was recorded, closely followed by Spain, although here growth was the weakest in seven months as political uncertainty led to the deferment of some spending decisions.

Germany was the only other nation to record a noticeable increase in activity. France saw output stabilise, whilst there was a return to contraction for Italy followed last month's expansion.

IHS Markit Eurozone Composite PMI



Countries ranked by Composite PMI*:

Ireland	53.4	3month low
Spain	52.9	7-month low
Germany	52.2 (flash: 52.1)	2-month high
France	50.1 (flash: 50.0)	2-month high
Italy	49.5	3-month low

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

April's survey data signalled the ongoing expansion of the private sector workforce in the euro area. According to the latest figures, growth of employment was solid and stronger than in March. Growth has now been recorded throughout the past four-and-a-half years, with April's gains again driven by Germany, Spain and Ireland. Relatively modest gains in employment were seen in France and Italy.

The addition of new employees again helped firms to keep on top of their existing workloads during April. This was highlighted by a second successive monthly decline in levels of work outstanding held by euro area private sector companies.

Rising demand for staff, and an expanded workforce, helped drive average salary costs higher

in April. This helped to explain another net increase in firms' overall operating expenses, with the degree of inflation accelerating since March to its historical trend level. However, competitive pressures continued to weigh on pricing power, with average output charges rising in April at the slowest rate for 20 months.

Finally, business sentiment was unchanged since March. Latest data again showed manufacturers recording a noticeably lower degree of sentiment about the future than their services counterparts.

Services

The **IHS Markit Eurozone PMI® Services Business Activity Index** remained above the 50.0 no-change mark level during April, though by falling to 52.8 from 53.3 in the previous month, signalled a slightly slower rate of expansion.

The moderation in growth occurred despite an improvement in growth in Germany and a return to expansion in France. Noticeably slower gains in activity were seen in Italy and Spain.

In contrast, there was a slight pick-up in growth in new business recorded during April, which continued to encourage firms to take on additional workers. Underpinned by the sharpest rise in employment in Germany since October 2007, the overall rise in euro area service sector employment was the fastest recorded for six months.

Higher staffing levels meant that firms were able to keep on top of their workloads, as highlighted by data on backlogs of work which showed no change since March.

Rising employment costs did, however, help to underpin another round of input cost inflation in the services economy. Although firms tried to pass on higher costs to clients, the degree of increase was slightly slower than the previous month.

Finally, business confidence amongst service providers remained in positive territory during April, and remained broadly in line with levels seen in the preceding two months.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The final eurozone PMI for April came in slightly higher than the flash estimate, though still indicated that the economy lost a little momentum at the start of the second quarter and that growth remains worryingly lacklustre. The survey is indicative of the economy growing at a quarterly rate of approximately 0.2%, but manufacturing remained mired in its steepest downturn since 2013 and service sector growth slipped lower.

"In a month in which oil prices continued to rise, it was no surprise to see input cost inflation accelerating for the first time in six months. It is therefore disappointing to see average selling prices for goods and services showing the smallest monthly rise since August 2017, strongly hinting at weakened pricing power and lower core inflationary pressures as firms were often unable to pass higher costs on to customers.

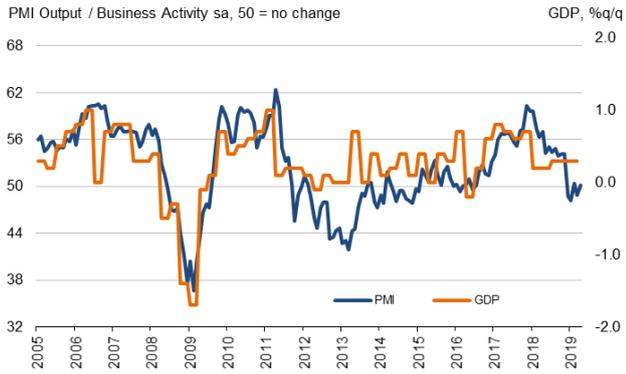
"Weak demand remains the key to the lack of inflationary pressures. Although inflows of new orders for goods and services picked up further from the low-point reached back in January, the increase was among the smallest seen since late 2014. Worryingly, growth of output continues to run ahead of that of new orders, meaning even the modest current growth of business activity is only being sustained by firms eating into orders placed in prior months. Demand clearly needs to improve further to generate faster economic growth and give firms greater pricing power."

-Ends-

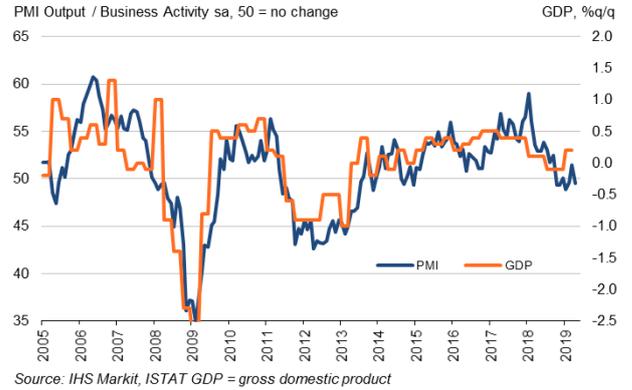
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

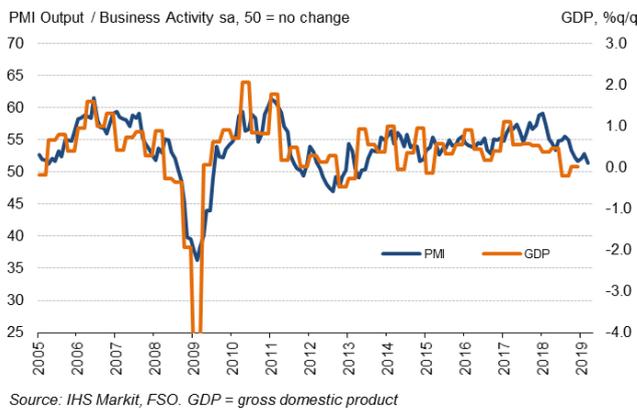
France



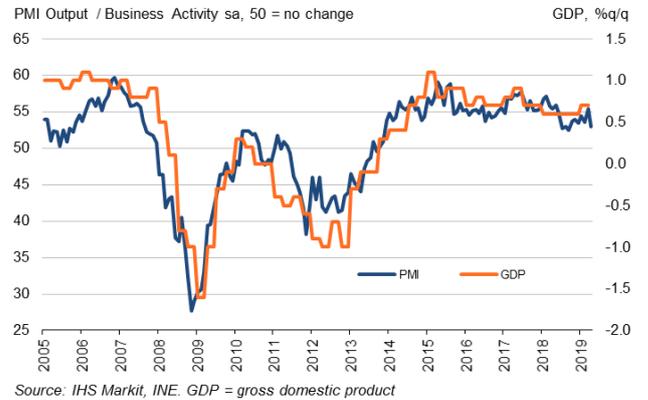
Italy



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 April composite flash was based on 77% of the replies used in the final data. The April services flash was based on 74% of the replies used in the final data. **Data were collected 10-25 April.**

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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