

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) July 2nd 2018**

## IHS Markit Eurozone Manufacturing PMI<sup>®</sup> – final data

### Eurozone Manufacturing PMI falls to 18-month low in June

#### Key findings:

- Final Eurozone Manufacturing PMI at 54.9 in June (Flash: 55.0, May Final: 55.5)
- Growth of output and new orders slow further as upturn in new export business remains subdued
- Supply chain pressure and rising oil prices take input cost inflation to four-month high

Data collected June 12-22

#### IHS Markit Eurozone Manufacturing PMI



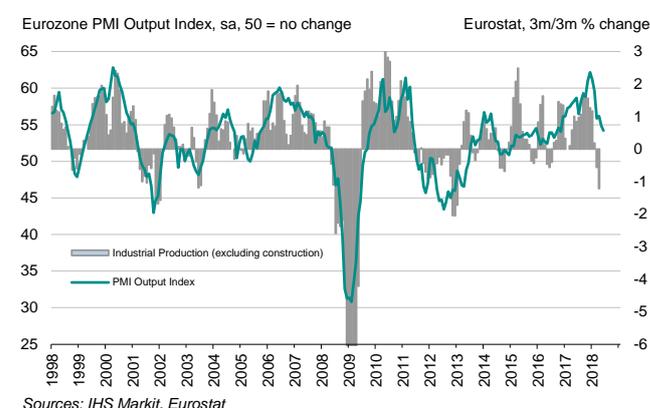
The euro area manufacturing upturn slowed further at the end of the second quarter. The final IHS Markit Eurozone Manufacturing PMI<sup>®</sup> posted an 18-month low of 54.9 in June, down from 55.5 in May and the earlier flash estimate of 55.0. The PMI has signalled a weakening in the pace of expansion in each month since the turn of the year, as manufacturers have experienced a synchronised easing in growth of both production and new order volumes.

PMI readings moved lower in five of the nations covered by the survey, including the two best performers (Netherlands and Austria). Weaker expansions were also seen in Germany, France and Greece, with France dropping to the bottom of the growth league table. Third-placed Ireland saw growth pick up to a five-month high, while a mild

acceleration in Italy was insufficient to prevent it registering the second-worst overall performance. The pace of expansion was unchanged in Spain.

#### Countries ranked by Manufacturing PMI: June

Netherlands	60.1	9-month low
Austria	56.6	18-month low
Ireland	56.6	5-month high
Germany	55.9 (flash: 55.9)	18-month low
Greece	53.5	2-month low
Spain	53.4	Unchanged
Italy	53.3	2-month high
France	52.5 (flash: 53.1)	16-month low



Output and new order growth have both eased sharply since the end of 2017. In June, the rates of expansion in production and new business were the weakest since November 2016 and August 2016 respectively. This in turn had an impact on business optimism, which slumped to its lowest level in over two-and-a-half years.

The easing was widespread by sector, with output and new order growth slowing across the consumer, intermediate and investment goods segments. Producers of investment goods registered the strongest rates of increase in both measures.

June data signalled that growth of new export orders\* remained relatively mild and substantially weaker than at the start of the year, despite picking up slightly since May. Exporters are becoming increasingly concerned about the potential impact of tariffs and other trade restrictions on growth. The fastest rates of increase in new export business were seen in the Netherlands, Greece and Ireland. Growth slowed in Germany, Spain and Ireland.

Manufacturing employment continued to increase in June, with the rate of job creation ticking higher. Staffing levels were raised in all of the nations covered by the survey, with rates of increase strengthening in Germany, Italy and Ireland. Expansions were registered across the consumer, intermediate and investment goods sectors, with the steepest gain in the latter.

Companies linked higher employment to rising production and increased backlogs of work. However, the rate of expansion in outstanding business eased to a 22-month low, mainly reflecting the slowdown in new order growth.

Input price inflation across the eurozone manufacturing sector rose to a four-month high in June. Further widespread lengthening of suppliers' delivery times – a key indicator of demand for inputs outstripping supply – meant vendors were often able to raise their charges. Manufacturers also mentioned higher oil and fuel costs.

In contrast, output charge inflation eased to a nine-month low in June, but remained strong nonetheless. Increases in both input costs and output prices were sharper in the intermediate and investment goods sectors compared to those seen at consumer goods producers.

\* Includes intra-eurozone trade.

## Comment

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

*“Eurozone manufacturing reported its weakest expansion for one-and-a-half years in June, with risks clearly tilted towards output growth waning further in coming months.*

*“Production growth has weakened markedly since the end of last year, and new order inflows have slowed even more. Manufacturers may therefore need to rein-in their production further to adjust to the recent downturn in order book growth unless demand revives.*

*“The biggest concern is the extent to which export order book growth has cooled since the start of the year, and could soon go into decline. The survey reveals mounting worries from companies relating to the impact of tariffs and trade wars, suggesting firms are bracing themselves for the potential for further export losses. Not surprisingly, business expectations for future production deteriorated in June to the lowest November 2015.*

*“At the same time there are signs that political uncertainty is also dampening business spirits, most evidently in Italy, which was consequently the second-worst performer of all countries surveyed in June ahead of France.”*

-Ends-

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**Note to Editors:**

The Eurozone Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) 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 June 2018 flash was based on 91% 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	0.2

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](mailto:economics@ihsmarkit.com).

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