

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 4<sup>th</sup> August 2021**

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Eurozone grows at fastest rate since June 2006

#### Key findings:

- Final Eurozone Composite Output Index: **60.2** (Flash: 60.6, Jun Final: 59.5)
- Final Eurozone Services Business Activity Index: **59.8** (Flash: 60.4, Jun Final: 58.3)

Data collected 12-27 July

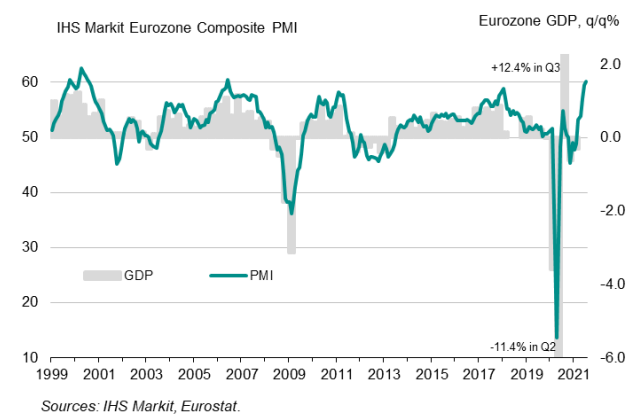
Eurozone business activity rose at its fastest rate in just over 15 years during July, with steep manufacturing output growth complemented by an accelerated expansion of services activity.

After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** rose to 60.2, slightly below the preliminary 'flash' estimate of 60.6, but still surpassing June's 15-year record of 59.5. This was the fifth successive month in which private sector output has expanded, the longest uninterrupted sequence since the pandemic began early last year.

Driving the broad acceleration in output growth was services, where activity increased at its fastest pace since mid-2006. Although manufacturing production rose at its softest rate in five months, the expansion was considerable and still outstripped that seen in the services sector.

Among the four largest eurozone economies, the quickest rise was in Germany, where again the rate of expansion accelerated to a record high. In Italy, private sector activity growth jumped to a three-and-a-half year high, while Spain and France registered softer increases in output.

#### IHS Markit Eurozone Composite PMI Output Index



#### Countries ranked by Composite PMI\*:

Germany	62.4 (flash: 62.5)	Record high
Spain	61.2	2-month low
Italy	58.6	42-month high
France	56.6 (flash: 56.8)	3-month low

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

Note: July data for Ireland are released 5 August.

Latest survey data also revealed the quickest rise in demand for euro area goods and services since May 2000 in July. Again, trends in new orders were similar to output, with more rapid demand growth for services contrasting with a slower pick-up for goods.

Nevertheless, increased order book volumes reflected improvements in both domestic and international markets, as indicated by a rise in new export business. Although foreign demand rose at a marginally weaker pace than in June, it was still the second-fastest recorded since comparable data were first published in September 2014.

The consequence of steep month-to-month growth in new business strained operating capacities across the eurozone immensely in July. This was evidenced by a survey-record rise in outstanding business and

extended the current period of backlog accumulation to five months.

However, notable efforts to bolster output potential were seen as employment increased at the fastest rate in almost 21 years. Rates of job creation quickened in Germany and Italy, but eased in France and Spain.

Meanwhile, inflationary trends showed some signs of stabilising in July. Input costs rose at the strongest rate since September 2000, although the pace of increase was only fractionally quicker than in June. Output charge inflation was unchanged from June's record high.

Lastly, businesses remained firmly optimistic that output would grow over the next 12 months, although the degree of confidence slipped from June's high (since 2012) to a four-month low.

## Services

The IHS Markit Eurozone **PMI® Services Business Activity Index** continued to rise further beyond the 50.0 mark, latest data showed, indicating accelerating growth in services output. At 59.8 in July, compared to 58.3 previously, the latest figure was the highest since June 2006 and consistent with a sharp rate of activity growth.

Of the four largest eurozone economies, Spain registered the sharpest growth, and Italy the weakest.

New business also continued to increase at a considerable pace, boosted by sharper growth in new export orders. Consequently, domestic and international demand combined rose at the quickest rate in 14 years.

However, operating capacities were tested in July, as evidenced by a joint-record increase in backlogs of work. This encouraged the greatest expansion in employment across the eurozone service sector for almost three years.

Surveyed firms retained an exceedingly optimistic view towards future activity prospects in July, although the level of positive sentiment receded to a three-month low.

Lastly, inflationary pressures subsided slightly during the latest survey period, with both output price and

input cost inflation slowing since June. Nevertheless, rates of increase remained historically elevated.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*“Europe’s service sector is springing back into life. Easing virus restrictions and further vaccination progress are boosting demand for a wide variety of activities, especially in the tourism, travel and hospitality sector. It’s not just the consumer sector that is booming, however, with business and financial service providers also enjoying a growth spurt as broader economic recovery hopes build.*

*“Alongside the sustained elevated growth recorded in the manufacturing sector, the impressive strength of the service sector’s expansion in July means the eurozone should see GDP growth accelerate in the third quarter.*

*“Worries about the Delta variant have become more widespread, however, subduing activity in some instances and raising concerns about the possibility of virus restrictions being tightened again. Hence services growth in July was slightly less marked than the earlier flash estimate and future expectations cooled to the lowest since March, presenting a significant downside risk to the outlook and hinting that growth could begin to slow again as we head toward the autumn.*

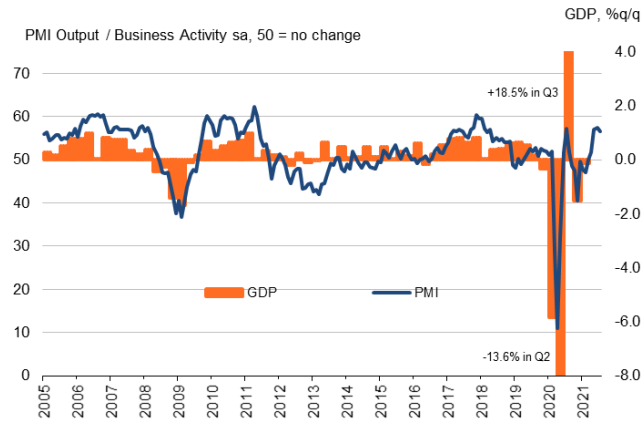
*“Furthermore, up to now companies have generally seen little resistance from customers to higher prices, but this could change after the current rebound from lockdown restrictions has passed.”*

-Ends-

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

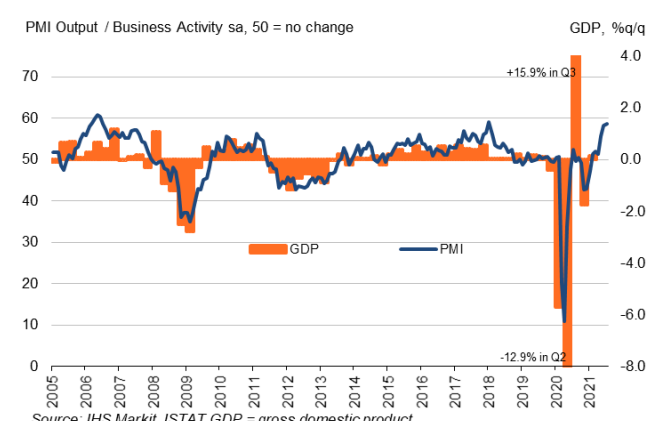
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

### France



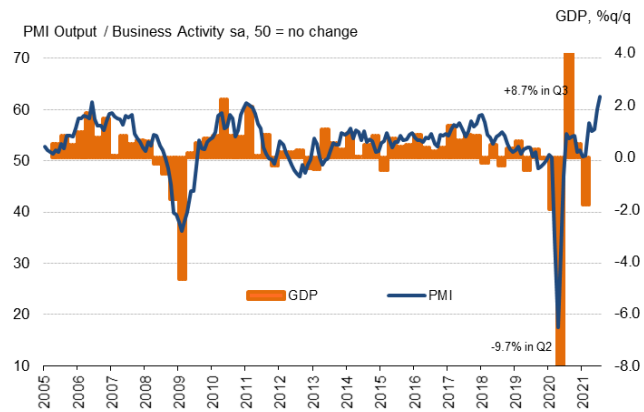
Source: IHS Markit, INSEE GDP = gross domestic product

### Italy



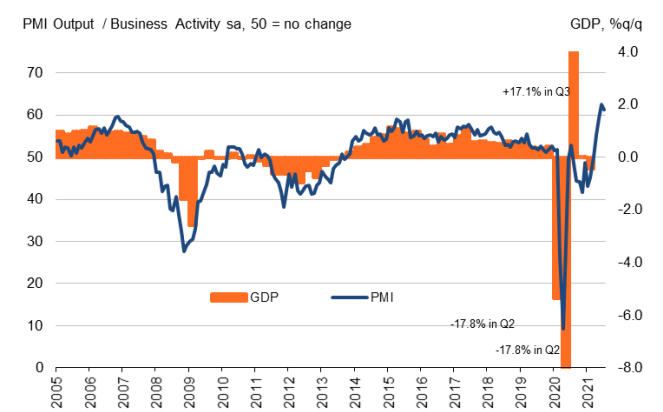
Source: IHS Markit, ISTAT GDP = gross domestic product

### 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*<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 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 July composite flash was based on 88% of the replies used in the final data. The July 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](mailto:economics@ihsmarkit.com).

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