

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) April 3rd 2019

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Manufacturing downturn weighs on euro area growth in March

Key findings:

- Final Eurozone Composite Output Index: **51.6** (Flash: 51.3, February Final: 51.9)
- Final Eurozone Services Business Activity Index: **53.3** (Flash: 52.7, February Final: 52.8)

Data collected March 12-26

The **IHS Markit Eurozone PMI® Composite Output Index** continued to signal modest growth of the euro area's private sector economy in March. After accounting for seasonal factors, the index recorded 51.6, down slightly from 51.9 in the previous month but a little firmer than the earlier flash reading of 51.3.

March's headline PMI Output index belied notably divergent trends in activity across the region's manufacturing and service sectors. Whereas services activity rose in March at the strongest rate since last November, goods producers recorded the greatest monthly fall in output since April 2013.

The weakness in manufacturing production was closely linked to deteriorating demand conditions, both at home and abroad. New work placed at manufacturing firms fell at the greatest rate since late-2012, which broadly offset solid growth in services. Overall private sector new work was subsequently only slightly higher than in February.

The downturn in manufacturing weighed particularly on the German economy. Latest PMI data showed that Germany expanded at its weakest rate for nearly six years during March. However, it was France that was the weakest performing country, with the nation returning to modest contraction following slight growth in February.

IHS Markit Eurozone Composite PMI



Countries ranked by Composite PMI*:

Spain	55.4	10-month high
Ireland	54.1	2-month low
Italy	51.5	6-month high
Germany	51.4 (flash: 51.5)	69-month low
France	48.9 (flash: 48.7)	2-month low

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

In contrast to the euro area's "big-two", Spain saw a pick-up in growth to a ten-month high in March, whilst Ireland continued to expand solidly. Italy registered its strongest growth in six months, though the net gain in activity was still only modest.

Meanwhile, private sector employment in the euro area continued to increase at a solid rate during March. Growth has now been registered continuously for nearly four-and-a-half years, although the latest net gains were predominantly led by the service sector as manufacturing job numbers were little-changed since February.

Additional labour capacity helped firms to keep on top of workloads. March's survey data showed that backlogs of work fell for the third time in the past four months.

Input cost pressures continued to weaken in March. Although still rising at a marked pace, the degree to which operating expenses increased was the slowest recorded by the survey since October 2016. In contrast, output charges rose at a slightly faster pace than in February.

Finally, confidence about the future was little-changed in March although there was again a notable divergence between manufacturers and service providers. Whilst confidence at services companies reached a six-month high, sentiment amongst goods producers slumped to its lowest in over six years on the back of ongoing concerns about the political and economic outlook.

Services

March's IHS Markit Eurozone PMI® Services Business Activity Index rose further above the 50.0 no-change mark, reaching a level of 53.3, from 52.8 in February. The latest reading was the best recorded since last November.

Growth was led by Germany and Spain, where rates of growth strengthened since February. Ireland also saw a marked rise in activity, whilst solid growth was recorded in Italy. France returned to marginal contraction.

Supporting the upturn in overall activity was a rise in new business volumes, which grew to the strongest degree in four months. The more positive demand environment encouraged firms to again take on additional staff at a solid rate. Germany, Ireland and Spain all recorded notable gains in employment since the previous month.

Wage pressures remained a key source of rising overall operating costs during March. That said, the degree to which input prices increased was the lowest recorded by the survey in just under a year. By contrast, output charges were raised at the fastest rate since January 2018.

With activity and new work increasing at stronger rates in March, service providers were a little more confident about the future. According to latest data, business sentiment improved over the month to its highest level since last September.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“The final eurozone PMI for March confirms the sluggish end to the first quarter, with business growth ebbing to one of the most lethargic rates seen since 2014.

“Only at the turn of the year, when business was hit by headwinds such as widespread ‘yellow vest’ protests in France and an auto sector struggling with new emissions regulations, has growth been slower over the past four years. The rebound from these temporary headwinds has clearly been disappointing and is already losing momentum, led by a deepening downturn in manufacturing. The goods producing sector reports that global growth worries have intensified, meaning customers continue to pull back on spending.

“The service sector has managed to sustain a relatively resilient rate of growth but has also lost momentum in recent months. This should come as no surprise as history tells us that robust service sector growth usually depends on a healthy manufacturing economy.

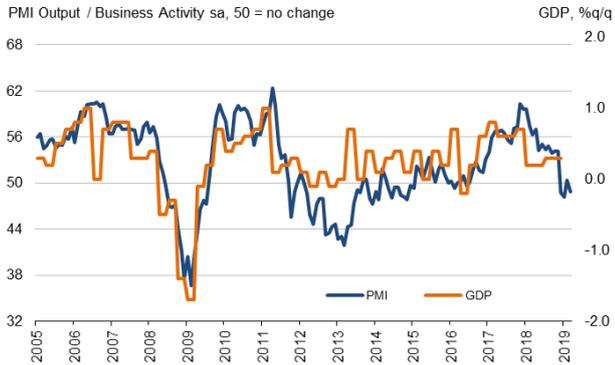
“At current levels, the PMI remains consistent with GDP rising by 0.2% in the first quarter, but unless manufacturing pulls out of its downturn the overall pace of economic growth will likely weaken in the second quarter as the malaise spreads to the service sector. In this respect, with forward-looking indicators from the manufacturing sector suggesting goods production will fall further in the coming months, downside risk to the outlook have intensified.”

-Ends-

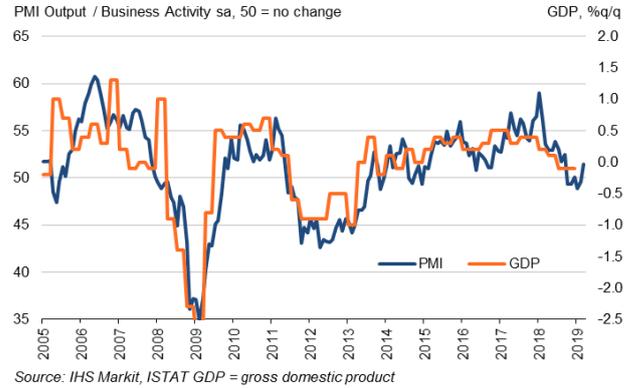
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

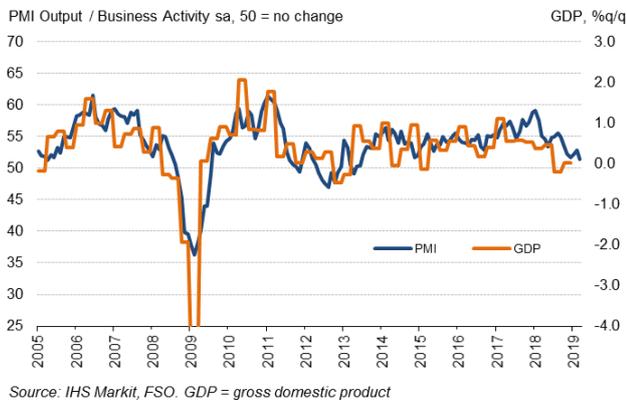
France



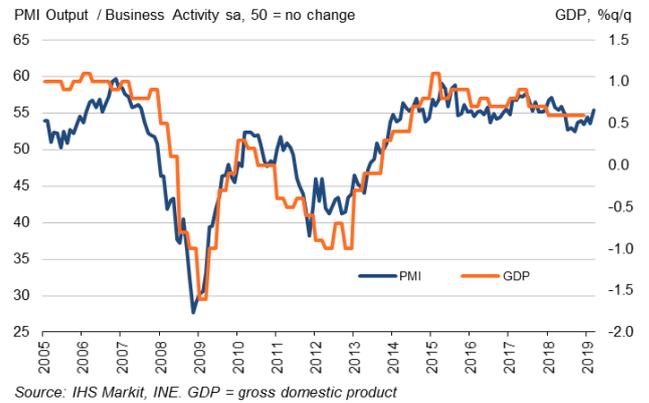
Italy



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 87% of the replies used in the final data. The March services flash was based on 80% of the replies used in the final data. **Data were collected 12-26 March.**

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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