

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 1st July 2021

IHS Markit Eurozone Manufacturing PMI® – final data

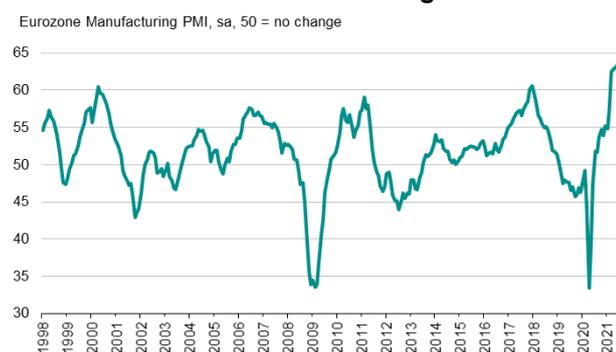
Eurozone manufacturing PMI sets fresh record high in June

Key findings:

- Final Eurozone Manufacturing PMI at 63.4 in June (Flash: 63.1, May Final: 63.1)
- Production increases sharply whilst jobs growth hits survey peak
- Prices rise at record rates as supply-side constraints persist

Data collected 11-23 June

IHS Markit Eurozone Manufacturing PMI



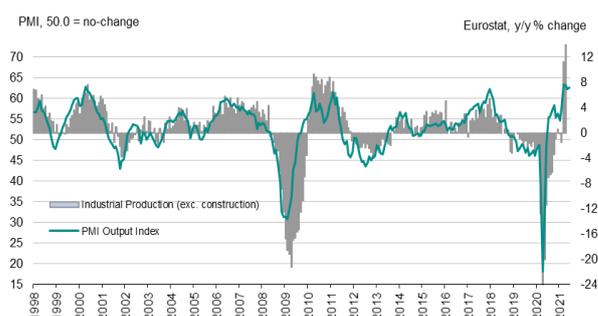
Source: IHS Markit.

Growth of the eurozone manufacturing sector hit new heights during June, with the headline PMI® setting a fresh survey record for a fourth successive month. After accounting for seasonal factors, the PMI® improved to 63.4, up from 63.1 in May and firmer than the earlier flash reading. June marked a twelfth successive month that the index has posted above the 50.0 no-change mark that separates growth from contraction.

Once again, all three market groups registered noticeable improvements in operating conditions. In line with recent trends, it was investment goods producers that recorded the strongest growth, followed by intermediate goods which registered its best PMI reading in the survey history. Consumer goods continued to lag, though growth here was still the sharpest since June 2000.

Countries ranked by Manufacturing PMI: June

Netherlands	68.8	2-month low
Austria	67.0	record high
Germany	65.1 (flash: 64.9)	2-month high
Ireland	64.0	2-month low
Italy	62.2	2-month low
Spain	60.4	278-month high
France	59.0 (flash: 58.6)	2-month low
Greece	58.6	254-month high



Source: IHS Markit, Eurostat

The Netherlands continued to lead the way in terms of outright PMI numbers although, in line with several other nations, saw a slight fall in its headline index from May's record reading. Austria was the second-best performing and set a respective PMI record high for the country in June.

Elsewhere, Germany saw a marginal strengthening of its PMI, whilst Spain and Greece – despite remaining the weakest-performing overall – saw growth rates hit multi-year highs.

Overall production growth in the eurozone's manufacturing sector remained elevated during June, edging up slightly since May to a level close to the survey records registered earlier in the year. Output continued to increase at especially strong rates in both Germany and the Netherlands.

Strong growth in production was again closely linked to positive demand developments, with new orders

experiencing their third-fastest ever reported increase during June. Growth remains broad-based, with new export orders* again increasing sharply over the month.

Manufacturers struggled to meet higher sales in June, as evidenced by a near series record increase in backlogs of work. Moreover, supply-side constraints again placed some restrictions on production, as strong global demand continued to weigh heavily on suppliers. Average lead times deteriorated to the second-greatest degree in the survey history during June (surpassed only by May).

Highlighting the strength of demand for inputs, purchasing activity amongst eurozone manufacturers rose at an unprecedented rate during June, although firms still had to dip into their existing inventories with input stocks declining again. Manufacturers also chose to meet sales directly out of warehouse stock wherever possible to satisfy demand: latest data showed that inventories of finished goods deteriorated to the greatest degree since August 2009.

The combination of limited supply and strong demand for inputs underpinned another survey-record increase in input prices. With market demand for manufactured goods strong, firms were also able to raise their own charges to an unprecedented degree.

The combination of rising production and new order requirements, plus capacity pressures, encouraged firms to take on additional staff. Latest data showed overall employment rising at the strongest rate recorded by the survey to date. Austria and the Netherlands led the way in terms of employment growth.

Finally, confidence about future output edged higher in June reaching a level that was close to April's survey record. Manufacturers remain optimistic that the continued reopening of economies as the negative effects of the pandemic recede will bolster output and sales in the next year.

* Includes intra-eurozone trade.

Comment

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

“Eurozone manufacturing continued to grow at a rate unbeaten in almost 24 years of survey history in June as demand surged with the further relaxation of COVID-19 containment measures and vaccination progress drove renewed optimism about the future.

“However, the sheer speed of the recent upsurge in demand has led to a sellers’ market as capacity and transportation constraints limit the availability of inputs to factories, which have in turn driven industrial prices higher at a rate not previously witnessed by the survey. Manufacturers are clearly willing to pay more to ensure sufficient supplies of key inputs.

“Encouragingly, there are several survey indicators which add to hopes that the current spike in prices will prove transitory.

“Widespread issues such as port congestion and a lack of shipping containers should soon fade as the initial rebound from the pandemic passes. Similarly, recent months have seen safety stock building as companies seek to protect themselves against potential future supply-chain disruptions, which has exacerbated the imbalance of demand and supply in the short-term. Once sufficient stocks are built, this effect should likewise fade.

“Finally, we have also seen the expansion of capacity via record employment growth and greater capital expenditure on business equipment and machinery. This expansion should raise output in sectors that are currently straining to meet demand, and hence remove some of the upward pressure on prices for these goods.”

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) 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 2021 flash was based on 93% 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	0.1

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.

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