

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 3rd September 2021

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Eurozone still growing at considerable pace despite slight slowdown

Key findings:

- Final Eurozone Composite Output Index: **59.0** (Flash: 59.5, Jul Final: 60.2)
- Final Eurozone Services Business Activity Index: **59.0** (Flash: 59.7, Jul Final: 59.8)

Data collected 12-25 August

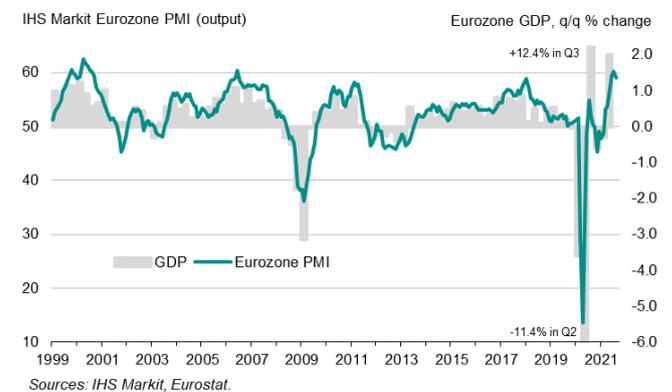
The euro area economy recorded another marked expansion in business activity during August, with momentum only fading slightly from July's 15-year peak. Jobs growth continued and was at one of the fastest rates seen in over two decades, as firms swiftly acted to boost operating capacities amid strong demand for goods and services.

After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** signalled another considerable month-on-month expansion in business activity during August. At 59.0, the headline figure was below 60.2 seen in July (which was the highest since June 2006), but still indicative of one of the fastest rates of growth seen in the past 15 years.

There were softer increases in output across both the manufacturing and service sectors in August. While goods production growth was sharp, it was the weakest in six months. Service sector output on the other hand increased at the second-fastest rate since mid-2006, behind July.

Of the monitored euro area constituents, Italy bucked the otherwise broad-based slowdown trend and registered the fastest output growth for over 15 years. Nonetheless, only France registered a softer increase in output than Italy in August. Ireland was the fastest-growing nation, followed by Spain and Germany.

IHS Markit Eurozone Composite PMI Output Index



Countries ranked by Composite PMI*:

Ireland	62.6	4-month low
Spain	60.6	3-month low
Germany	60.0 (flash: 60.6)	3-month low
Italy	59.1	182-month high
France	55.9 (flash: 55.9)	4-month low

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

August saw a strong rise in new work intakes at euro area businesses once again, despite the upturn easing slightly from July. Nevertheless, the expansion in demand was convincingly stronger than its historical average (since 1998). The sector split showed new business at manufacturers growing faster than at service providers.

This was also the case for new export orders, although a third straight rise in international sales at service providers marked the joint-longest sequence of export growth in that sector since 2018. Overall growth in foreign demand across the euro area was strong, but eased to a six-month low.

To accommodate the rapid uptake of new work, euro area employment rose markedly in August and at a rate that was only marginally weaker than July's near

21-year high. Manufacturers recorded faster jobs growth than their services counterparts, although a slowdown at the former contrasted with the latter, where the expansion in employment was on par with July's near three-year peak.

Despite increased recruitment efforts, work-in-hand continued to rise at a strong pace during August as businesses still struggled to meet demand in a timely manner. The rate of backlog accumulation was especially pronounced in the manufacturing sector, where ongoing material shortages and supplier bottlenecks constrained production.

Meanwhile, prices data signalled further substantial inflationary pressures in August. Input costs increased at a rate that was only fractionally below July's near 21-year high, and was once again driven by the manufacturing sector. Meanwhile, charge inflation eased for the first time since fees started rising again in February, but was only outpaced over the series history by those seen in both June and July.

Finally, euro area businesses remained highly confident towards future output prospects in August, although the level of optimism eased to a five-month low.

Services

The IHS Markit Eurozone **PMI® Services Business Activity Index** signalled a slight loss of growth momentum in August, falling from July's 15-year high of 59.8 to 59.0.

Ireland service providers continued to outperform their euro area peers during the latest survey period, while those in France registered the softest expansion in service sector activity. However, with the exception of Italy where growth was unchanged, rates of expansion slowed in all nations from July.

Latest survey data signalled slower growth in new business intakes. Nevertheless, the increase was notably stronger than seen on average over the series history. Although export demand growth slowed, it was the second-fastest since the series began in 2014 (behind July).

Another strong increase in service sector employment was recorded in August. The rate of jobs growth matched that seen in July, which was the

strongest since September 2018. Nevertheless, backlogs of work increased for a fifth successive month.

Price trends diverged in August, with a stronger increase in costs coinciding with a softer rise in selling charges. Input prices rose at the fastest pace in 13 years.

Finally, business confidence slid to a four-month low, but remained historically elevated as hopes of a continued recovery supported optimism.

Comment

Joe Hayes, Senior Economist at IHS Markit said:

"It was another solid result for euro area businesses in August, according to the PMI numbers, which still point to rapid rates of expansion in output and demand. The labour market is also performing well and will further encourage this domestic-driven growth spurt.

"The benefit of looser lockdown restrictions has fuelled two of the best expansions since mid-2006 in July and August, but a step down since the preliminary 'flash' number tells us that this growth momentum is fading.

"While growth will naturally lose some impetus as the post-lockdown boom peters out, there are a number of other downside factors at play. The Delta variant has taken hold in Europe, while further material shortages and transport bottlenecks continue to restrain business activity. Rampant cost increases also persist, but slightly weaker rates of input and output price inflation provided some respite to both businesses and consumers alike, however.

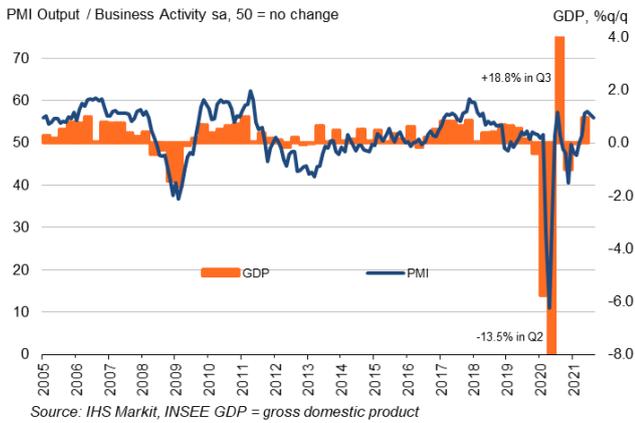
"Regardless, another strong quarter-on-quarter rise in GDP is on the cards for the third quarter, and we're certainly on track for the eurozone economy to be back at pre-pandemic levels by the end of the year, if not sooner."

-Ends-

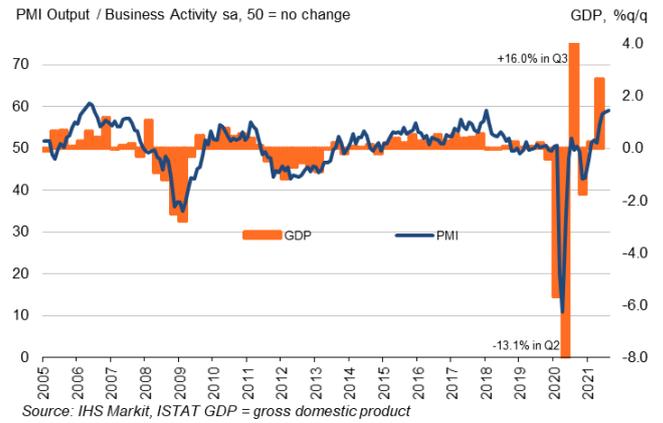
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

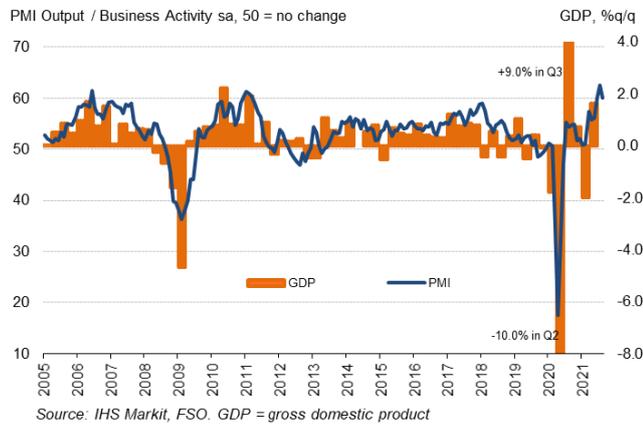
France



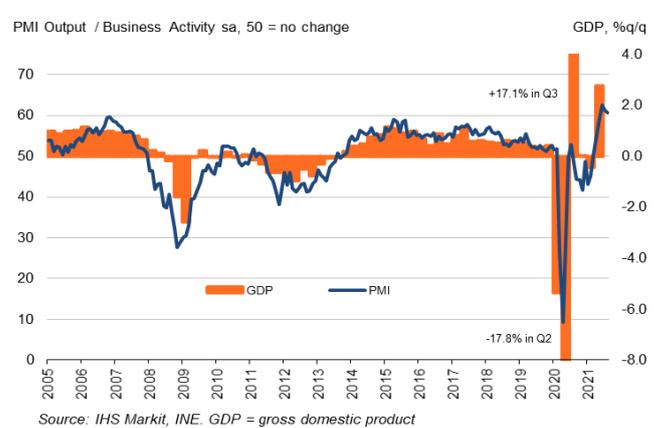
Italy



Germany



Spain



For further information, please contact:

Chris Williamson, Chief Business Economist
 Telephone +44-20-7260-2329
 Mobile +44-779-5555-061
 Email chris.williamson@ihsmarkit.com

Joe Hayes, Senior Economist
 Telephone +44-1344-328-099
 Email joseph.hayes@ihsmarkit.com

Joanna Vickers, Corporate Communications
 Telephone +44 207 260 2234
 Email joanna.vickers@ihsmarkit.com

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 August composite flash was based on 80% of the replies used in the final data. The August services flash was based on 86% 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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

The intellectual property rights to the Eurozone Composite and Services *PMI*[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[®] and *PMI*[®] are either registered trademarks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).