

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 5th May 2021

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Eurozone private sector growth continues to strengthen in April

Key findings:

- Final Eurozone Composite Output Index: **53.8** (Flash: 53.7, March Final: 53.2)
- Final Eurozone Services Business Activity Index: **50.5** (Flash: 50.3, March Final: 49.6)

Data collected 12-27 April

Growth of the eurozone private sector economy improved during April, with latest data indicating the fastest expansion since last July and the second best in over two-and-a-half years. This was highlighted by the **IHS Markit Eurozone PMI® Composite Output Index** recording 53.8, up from 53.2 in March.

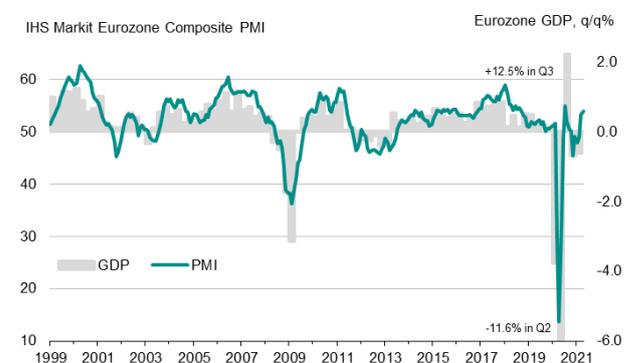
The index has now signalled growth for two consecutive months and latest data indicated concurrent activity gains in both manufacturing and service sectors. Goods producers continued to lead the way, with output rising at a rate little-changed on March's survey record. Service sector output returned to growth following seven months of continuous contraction, although the gain was only marginal overall.

Germany again led the way in terms of overall growth, expanding at a marked pace with growth underpinned by a strongly performing manufacturing economy.

Spain meanwhile saw growth improve to its strongest for over two years as service providers experienced a bounce in activity ahead of planned business reopening and in line with expectations of a relaxation of Covid restrictions.

France and Italy meanwhile registered modest growth of overall private sector output during April, with the gain in France the best seen in the past eight months.

IHS Markit Eurozone Composite PMI Output Index



Sources: IHS Markit, Eurostat.

Countries ranked by Composite PMI*:

Germany	55.8 (flash: 56.0)	2-month low
Spain	55.2	25-month high
France	51.6 (flash: 51.7)	8-month high
Italy	51.2	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 April data for Ireland are released on 6 May.

Supporting the increase in overall eurozone private sector activity was a second successive monthly rise in new orders, the strongest recorded for over two-and-a-half years. Higher sales were reported in both domestic and international markets with foreign business rising at a rate little-changed on March's series record level.

With new work continuing to increase in April, firms registered a further rise in backlogs of work, especially those based in manufacturing where delays in the delivery of inputs constrained production. The rate of growth was also the sharpest for 39 months, and helped explained why companies took on additional workers. April's survey indicated that staffing levels rose for a third month in succession and to the strongest degree for two years.

Growing confidence in the outlook also encouraged firms to bolster payroll numbers. April's survey indicated that confidence about the outlook was at its highest since composite data were first available in mid-2012.

Meanwhile, cost inflation intensified during April with latest data showing that operating expenses rose to the greatest degree for ten years. In part reflective of growing market demand, firms were able to pass on some of their increased costs to clients in the form of higher charges. Latest data showed that output prices rose to the greatest degree since February 2018.

Services

The **IHS Markit Eurozone PMI[®] Services Business Activity Index** edged back above the crucial 50.0 no-change mark in April to signal the first growth in service sector activity since August 2020. That said, at 50.5, up from 49.6 in the previous month, the rate of expansion signalled by the index was marginal.

There was some notable divergences in performance by country. Whereas Spain registered a marked rise in activity, Germany and Italy experienced contractions. Marginal growth was seen in France.

The weak increase in regional activity overall reflected ongoing softness in levels of incoming new business. Although only marginal, new orders overall declined for a ninth successive month. Foreign demand remained a source of weakness: new export business fell for a thirty-second successive month.

Nonetheless, increasing confidence about the future led to a strengthening of business expectations to their highest level since May 2017. Positive projections for a rise in activity over the coming months helped to support a solid increase in employment.

Finally, operating expenses rose again in April and to the greatest degree for 15 months. Several firms raised their charges in response, although competitive pressures generally thwarted these efforts. This meant that output charge inflation remained marginal.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"April's survey data provide encouraging evidence that the eurozone will pull out of its double-dip recession in the second quarter. A manufacturing boom, fueled by surging demand both in domestic and export markets as many economies emerge from lockdowns, is being accompanied by signs that the service sector has now also returned to growth."

"Barring any further wave of infections from new variants, Covid restrictions should ease further in the coming months, driving a strengthening of service sector business activity which should gain momentum as we go through the summer."

"The intensity of the rebound will naturally depend on the extent to which Covid restrictions can be removed – and some measures relating to international travel are likely to remain in place for some time to come – but experience in other countries hints that the bounce in domestic activity could be strong as pent up demand and savings power a surge in spending."

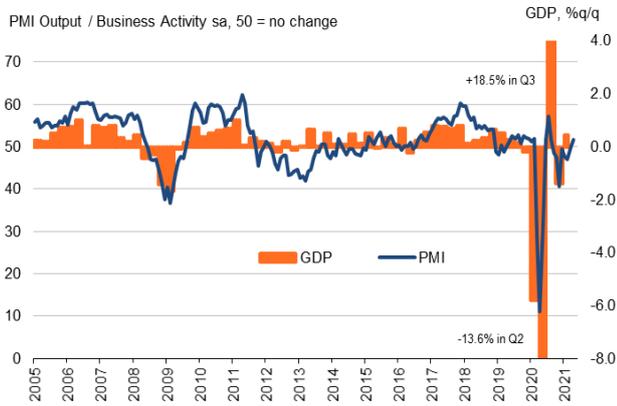
"While the revival in the economy is bringing a rise in inflationary pressures, these so far seem largely confined to the manufacturing sector, with service sector costs – which form a major component of the core inflation measures tracked by the ECB – remaining only modest."

-Ends-

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

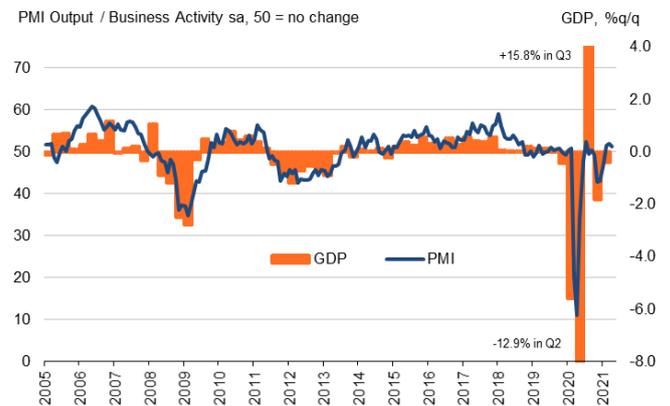
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

France



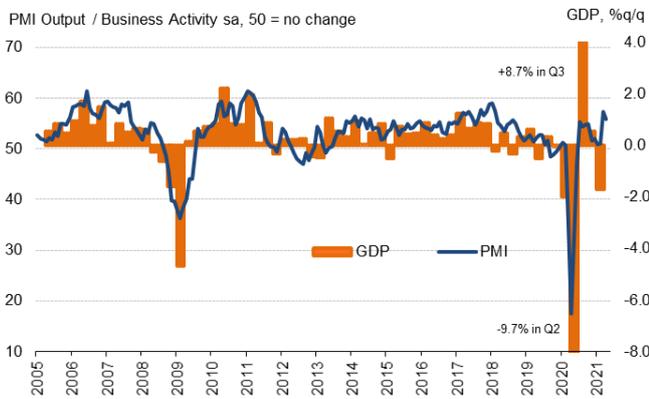
Source: IHS Markit, INSEE GDP = gross domestic product

Italy



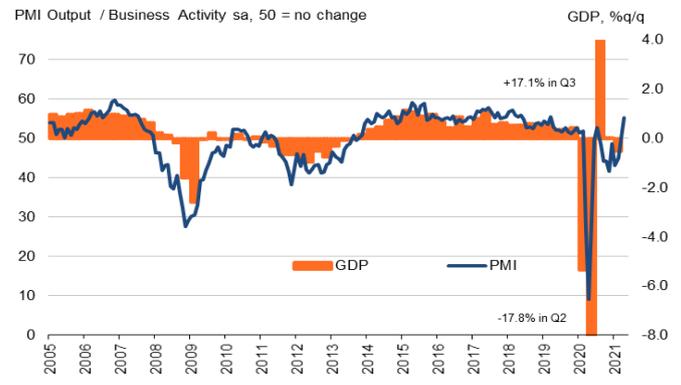
Source: IHS Markit, ISTAT GDP = gross domestic product

Germany



Source: IHS Markit, FSO. GDP = gross domestic product

Spain



Source: IHS Markit, INE. GDP = gross domestic product

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

Paul Smith, Economics Director
 Telephone +44-1491-461-038
 Email paul.smith@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 April composite flash was based on 88% of the replies used in the final data. The April services flash was based on 85% 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.

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