

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Manufacturing PMI[®] – final data

Manufacturing growth broadly stabilises during November as factories battle with harsh supply headwinds

Key findings:

- Final Eurozone Manufacturing PMI at 58.4 in November (Flash: 58.6, Oct Final: 58.3)
- Stocks of purchases rise at strongest rate on record as firms build safety buffers
- Output price inflation hits fresh record; supplier performance deteriorates rapidly once again

Data collected 10-23 November

IHS Markit Eurozone Manufacturing PMI



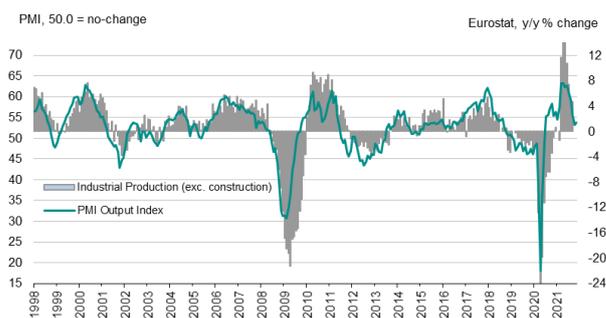
Source: IHS Markit.

Eurozone manufacturing sector growth stabilised in November, latest PMI[®] data showed, following a four-month slowdown from June's record expansion. However, factory operations across the euro area continued to be hindered by severe supply-related constraints.

The IHS Markit Eurozone Manufacturing PMI increased from 58.3 in October to 58.4 in November (and compared with the 'flash' estimate of 58.6), marking the first rise in the headline index since June. However, aside from the positive direction change, the latest data marked the second-slowest expansion since February.

Countries ranked by Manufacturing PMI: November

Italy	62.8	Record high
Netherlands	60.7	9-month low
Ireland	59.9	8-month low
Greece	58.8	2-month low
Austria	58.1	10-month low
Germany	57.4 (flash: 57.6)	10-month low
Spain	57.1	8-month low
France	55.9 (flash: 54.6)	3-month high



Source: IHS Markit, Eurostat

Data split by the three broad market groups showed further growth slowdowns at intermediate and investment goods makers, while consumer goods producers recorded an accelerated expansion.

Monitored euro area constituents continued to record strong-to-sharp rates of expansion in their manufacturing sectors during November. Italy was the clear stand-out performer, with growth here accelerating to a survey high, surpassing the previous peak set May and the improvements seen in other nations. Greece meanwhile registered one of its fastest expansions on record, despite a fractional easing. Elsewhere growth rates tended to slow compared with those seen earlier in 2021.

Eurozone manufacturing production rose solidly during November, according to the latest survey data. The rate of increase picked up from October – but was

the second-weakest in the current 17-month growth sequence.

A similar trend was observed in manufacturers' new order inflows during November, where despite the rate of growth quickening, it was still subdued relative to those seen earlier in 2021. Anecdotal data suggested that weaker improvements in demand were reflective of some normalisation from exceptional growth previously, although others attributed softer new order intakes to supply-related issues and in some cases, increased prices.

However, new business continued to increase at a rate that was comfortably above its long-run average. This contributed to another steep rise in the level of work outstanding at eurozone manufacturers in November, and also underpinned a strong boost in staffing numbers.

Meanwhile, as has been the case in recent surveys, the latest data showed still-considerable pressures being placed on suppliers. Average input lead times lengthened to a substantial extent once again, reflecting a multitude of factors including material shortages, poor transport availability and staffing issues at vendors.

Nevertheless, both purchases and stocks of inputs increased at sharper rates during November. Notably, pre-production inventories were accumulated to the quickest degree since data were first collected in June 1997.

The survey-record increase in stocks came amid another substantial month-on-month rise in costs which was the third-strongest in the series history. To alleviate pressures on margins, output prices were raised to the greatest extent since this series began in November 2002.

Comment

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

"A strong headline PMI reading masks just how tough business conditions are for manufacturers at the moment. Although demand remains strong, as witnessed by a further solid improvement in new order inflows, supply chains continue to deteriorate at a worrying rate. Shortages of inputs have restricted production growth so far in the fourth quarter to the weakest seen over the past year and a half.

"Especially subdued production was again seen in Germany, France and Austria in November, albeit offset by strong performances seen in Italy, Ireland and the Netherlands, which helped lift the overall pace of production growth slightly during the month.

"A record rise in inventories meanwhile reflected increased efforts by manufacturers to build safety stocks, in turn driven by fears of ongoing shortages of inputs in coming months.

"With demand once again outstripping supply, November saw a continuing sellers' market, pushing prices charged for manufactured goods higher at a rate surpassing anything previously recorded in almost two decades. Higher factory gate prices suggest consumer inflation has further to rise.

"Looking ahead, rising COVID-19 infection rates cast a darkening cloud over the near-term outlook, threatening to further disrupt supply chains while at the same time diverting spending from consumer services to consumer goods again, therefore worsening the imbalance of supply and demand."

-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 November 2021 flash was based on 87% 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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