

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 3 January 2022

IHS Markit Eurozone Manufacturing PMI® – final data

Stocks of purchases rise at survey-record rate as supply chain pressures ease

Key findings:

- Final Eurozone Manufacturing PMI at 58.0 in December (Flash: 58.0, Nov Final: 58.4)
- Modest alleviation in supply pressures facilitates survey-record increase in inventories
- Broad sector growth continues to underwhelm; inflationary pressures recede slightly

Data collected 06-16 December.

IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.

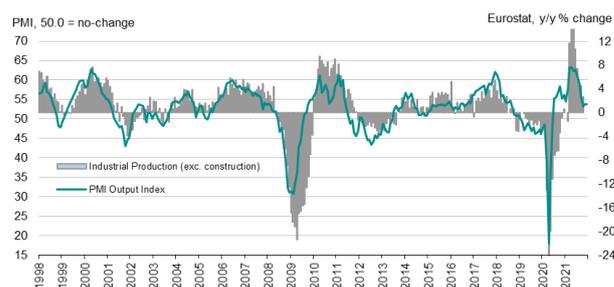
December PMI® data showed a further easing of the supply chain crisis as average lead times lengthened to the softest extent since February. Firms took advantage of this relative gain and added purchases to their inventories at the fastest rate ever recorded by the survey, outpacing the previous record set in November by a notable margin.

However, despite alleviating pressures on supply chains, manufacturing sector conditions continued to disappoint, with output growth remaining unchanged from that seen during November (which was the second-weakest seen since production growth resumed in July 2020).

Meanwhile, rates of input cost and output price inflation eased, but remained among the fastest ever seen by the survey.

Countries ranked by Manufacturing PMI: December

Italy	62.0	2-month low
Greece	59.0	4-month high
Austria	58.7	2-month high
Netherlands	58.7	12-month low
Ireland	58.3	9-month low
Germany	57.4 (flash: 57.9)	Unchanged
Spain	56.2	10-month low
France	55.6 (flash: 54.9)	2-month low



Source: IHS Markit, Eurostat

The IHS Markit Eurozone Manufacturing PMI fell to 58.0 during December, down from 58.4 in November and its lowest reading in ten months. Sector data revealed that consumer goods makers drove the slower improvement in manufacturing conditions, with intermediate and capital goods producers registering marginally quicker upturns.

Survey data split by country showed Italy once again leading broad euro area manufacturing growth, despite the expansion here slowing. At the other end of the scale, France's goods-producing sector remained the weakest-growing of the eight monitored eurozone nations.

The main highlight of the December survey centred on supplier performance, with the latest data showing average input lead times lengthening to the weakest extent since February. Times lengthened to lesser degrees in all monitored euro area countries except

Italy. In turn, eurozone manufacturers increased their purchases of raw materials and other semi-finished items at a sharp pace. The combination of these two factors enabled firms to stockpile inputs, with inventories rising at a rate which was unparalleled in over 24 years of data collection.

That said, despite a record surge in pre-production stocks, manufacturing output growth remained unchanged from November, which saw the second-weakest since the sector began its recovery in July 2020. Many firms continued to feel the impact of shortages at suppliers, while others noted subdued demand pressures.

New manufacturing orders increased at the joint-weakest rate since January, amid a slower expansion in international client demand*. Nevertheless, latest survey data pointed to an intensification of capacity pressures at eurozone goods producers, with backlogs of work rising at an accelerated pace.

Greater volumes of outstanding work coincided with a faster increase in employment during December. Overall, the rate of jobs growth was strong and above its historical average by a notable margin. Business confidence also strengthened slightly to a three-month high.

Lastly, December survey data showed easing rates of inflation across the eurozone manufacturing sector. Input costs increased at a pace that was substantial overall, but the slowest since April. Meanwhile, output charge inflation eased from November's survey peak to a four-month low.

*Includes intra-eurozone trade

Comment

Commenting on the final Manufacturing PMI data, Joe Hayes, Senior Economist at IHS Markit said:

"It has been an incredibly challenging period for eurozone manufacturers this second half of 2021, but the latest survey data hasn't spoiled the festive cheer too much – we're seeing some tentative, but very welcome signs that the supply chain crisis which has plagued production lines all across Europe is beginning to recede. The Suppliers' Delivery Times Index increased for a second month in a row to its highest since February, signalling a weaker deterioration in vendor performance.

"Although what gains to be had were only marginal, with shortages, port congestion and transport issues still at large, PMI data showed stocks of purchases rising at a survey-record rate in December. This should hopefully bring some much-needed relief to production schedules in the very near-term, which have been squeezed tight by input shortages. That said, the latest survey data showed output growth remaining subdued overall and unchanged from November.

"Alleviating supply chain pressures also fed through to prices as input costs rose at the slowest rate since April. Easing inflation rates are again a welcome sign, but we're still in hot territory. We're now facing a fresh bout of economic uncertainty as the Omicron variant emerges in Europe. COVID-19-driven supply chain disruptions cannot be ruled out, and therefore neither can further spikes in inflation."

-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 December 2021 flash was based on 89% 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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