

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) June 1st 2018

IHS Markit Eurozone Manufacturing PMI[®] – final data

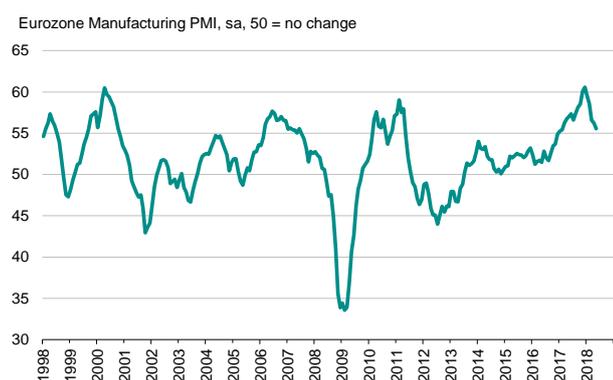
Eurozone manufacturing upturn slows further in May

Key findings:

- Final Eurozone Manufacturing PMI at 55.5 in May (Flash: 55.5, April Final: 56.2)
- Slower growth of output, new orders, new export business and employment
- The Netherlands, Germany and Austria remain strongest performing nations

Data collected May 11-23

IHS Markit Eurozone Manufacturing PMI



The upturn in the eurozone manufacturing sector showed further signs of cooling in May. Rates of expansion in output and new orders both slowed, with increases in employment and backlogs of work also losing momentum. Input cost inflation rose for the first time in four months, whereas the rate of increase in output charges slowed further.

The final IHS Markit Eurozone Manufacturing PMI[®] posted a 15-month low of 55.5 in May, down from 56.2 in April and unchanged from the earlier flash estimate. The rate of increase has eased in each of month since hitting a record high in December. The PMI has signalled expansion for 59 months in a row and remained above its long-run average (51.9).

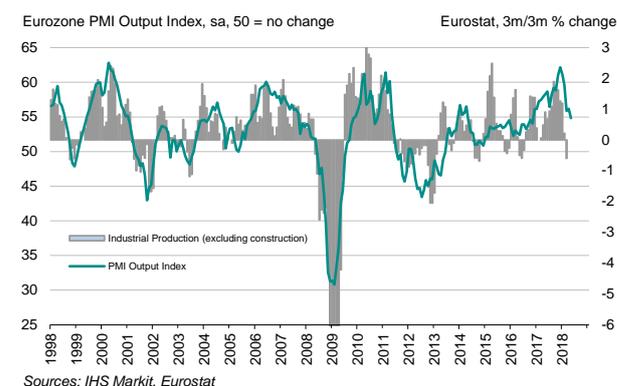
The upturn remained broad-based by sector, with growth recorded across the consumer, intermediate

and investment goods industries. However, rates of increase eased in all three cases. The steepest expansion was again registered in the investment goods category and the weakest in consumer goods.

All eight of the nations covered saw manufacturing operating conditions improve during May. Growth was led by the Netherlands, Austria and Germany, despite all three seeing their respective rates of expansion slow. Spain and Italy also saw weaker growth, while accelerations were registered in France, Ireland and Greece.

Countries ranked by Manufacturing PMI: May.

| | | |
|-------------|--------------------|--------------|
| Netherlands | 60.3 | 8-month low |
| Austria | 57.3 | 14-month low |
| Germany | 56.9 (flash: 56.8) | 15-month low |
| Ireland | 55.4 | 3-month high |
| France | 54.4 (flash: 55.1) | 3-month high |
| Greece | 54.2 | 2-month high |
| Spain | 53.4 | 9-month low |
| Italy | 52.7 | 18-month low |



Manufacturing production and new orders both rose further during May, although rates of increase were the weakest in around one-and-a-half years. New export business* also continued to improve, albeit at a weaker pace. The increases in all three variables

remained widespread, with growth seen in all of the nations covered by the survey.

The outlook for the manufacturing sector remained positive in May, with companies reporting that they expect output (on balance) to be higher in one year's time. That said, the degree of optimism slipped to its lowest since September 2016.

Capacity constraints remained evident at both manufacturers and their suppliers during May. Manufacturing backlogs of work increased for the thirty-seventh successive month, although the pace of increase eased to its weakest since September 2016. Supplier delivery delays remained widespread and among the highest seen in the survey history, although the incidence of delays was the lowest since last September.

The ongoing upturn in the manufacturing sector and associated rise in outstanding business encouraged companies to further expand employment during May. Staffing levels increased for the forty-fifth consecutive month. However, similar to the trends in output and new work, the rate of jobs growth slipped to a 14-month low.

Staffing levels were raised in all of the nations covered by the survey, with the steepest increases in Austria, the Netherlands and Germany. However, only France, Spain and Greece saw employment rise at a faster pace than in April.

May saw the rate of input price inflation faced by eurozone manufacturers remain strong and quicken for the first time since January. In contrast, output price inflation eased to a five-month low but nonetheless remained well above its historical average. Germany registered the sharpest increase in both input costs and output prices during the latest survey month.

* Includes intra-eurozone trade.

Comment

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

"The eurozone manufacturing sector reported its weakest expansion for 15 months in May. Some of the weakness may have been related to a higher than usual number of holidays during the month, but risks appear tilted towards growth remaining subdued or even cooling further in coming months.

"Slowing export sales have been a key drag on both production and order book growth, with the May survey indicating that new export orders rose at the weakest rate for nearly two years, linked in part to the appreciation of the euro alongside reports of weakened demand for imports from key markets, notably the US.

"There are signs that the soft patch has further to run. Despite the production trend slowing markedly in recent months, the order book slowdown has been even sharper. Output has consequently grown at a faster rate than new orders in each of the past six months, which suggests that manufacturers will come under pressure to rein-in production and staffing levels in coming months unless demand revives. Not surprisingly, manufacturers' expectations of future production have sunk to a 20-month low, underscoring the gloomier economic picture."

-Ends-

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

Rob Dobson, Director, Economics
Telephone +44-1491-461-095
Mobile +44-7826-913-863
Email rob.dobson@ihsmarkit.com

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

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 May 2018 flash was based on 90% 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 | 0.2 |

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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: 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 © 2018 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 Manufacturing *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 trade marks 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](#).