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

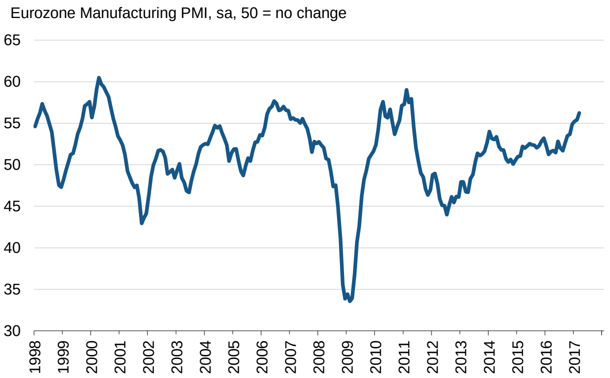
Eurozone Manufacturing PMI at near six-year high as growth accelerates in Germany, Italy and France

Key findings:

- Final Eurozone Manufacturing PMI at 56.2 in March (Flash: 56.2, February Final: 55.4)
- Fastest growth of manufacturing production and new orders since April 2011
- Price inflationary pressure remains marked

Data collected March 12-24

Markit Eurozone Manufacturing PMI



Source: IHS Markit.

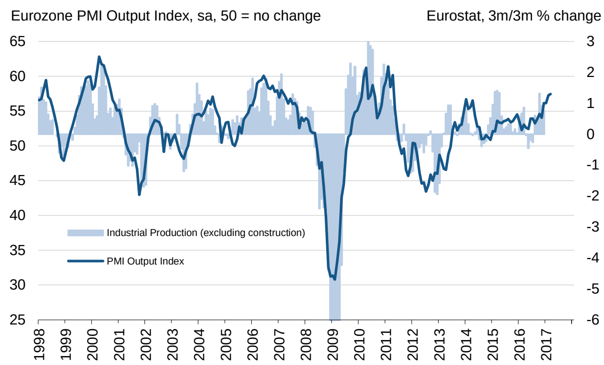
The upturn in the eurozone manufacturing sector gathered further pace at the end of the first quarter. Rates of expansion in production and new orders accelerated to near six-year highs, as companies saw stronger inflows of new work from domestic and export clients.

The final Markit Eurozone Manufacturing PMI® rose to a 71-month record of 56.2 in March, up from 55.4 in February and unchanged from the earlier flash estimate. The average PMI reading over the first quarter as a whole (55.6) was the highest since the opening quarter of 2011.

National PMI data signalled that growth was centered on a solid core of Germany, the Netherlands and Austria. The Germany PMI surged to a 71-month record, underpinned by the steepest increase in production since January 2014, the sharpest growth of new business for almost six years and a pace of job creation unsurpassed since March 2011.

Countries ranked by Manufacturing PMI: Mar.

Germany	58.3 (flash: 58.3)	71-month high
Netherlands	57.8	2-month low
Austria	56.8	3-month low
Italy	55.7	72-month high
Spain	53.9	5-month low
Ireland	53.6	5-month low
France	53.3 (flash: 53.4)	2-month high
Greece	46.7	2-month low



Sources: IHS Markit, Eurostat

The Netherlands and Austria were in second and third places respectively, despite seeing their PMI levels fall moderately below recent highs. In both cases, output growth slowed but remained elevated in relation to the standards achieved elsewhere outside of Germany.

The rate of expansion signalled by the Italy PMI accelerated to a six-year high in March, while France also saw a sharper pace of improvement. Growth continued to cool in Spain and Ireland, while the downturn in Greece deepened (as highlighted by the

Greece PMI dipping to it second-lowest level in the past year-and-a-half).

The trend in new export business* continued to improve at euro area manufacturers in March. New export orders rose for the forty-fifth successive month, with the rate of growth hitting a near six-year high. Companies linked stronger inflows to improving global market conditions, aided in part by the relatively weak euro exchange rate.

New export business rose in almost all of the nations covered, the sole exception being Greece. Faster rates of expansion were signalled in Germany (82-month record), France (three-month high) and Italy (quickest in 16 months).

March saw eurozone manufacturing employment increase for the thirty-first consecutive month. Moreover, the pace of job creation regained the momentum lost in February to hit a near six-year record. Underlying the increase in staff headcounts was higher new order inflows, an associated gain in backlogs of work (steepest since April 2011) and a near series-record degree of business optimism.

Jobs growth improved in Germany, Italy, Austria and Ireland. Solid, albeit slower, increases were also signalled in Spain and the Netherlands, while France registered only a minor expansion of employment. Job cuts were seen at Greek manufacturers for the fourth straight month.

Price pressures remained elevated at the end of the opening quarter. Manufacturers' purchasing costs rose at a rate close to February's 69-month high, leading to the steepest increase in factory gate selling prices since June 2011. The cost impact of the euro exchange rate and rising commodity prices remained the main factors influencing trends in both input costs and output prices.

There were also signs that improving sellers' pricing power contributed to cost increases during March. Average vendor delivery times – a bellwether of supply chain pressures – lengthened to the greatest extent since May 2011, allowing vendors to further push up their prices.

Comment

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

"Eurozone manufacturing is clearly enjoying a sweet spell as we move into spring, but it is also suffering growing pains in the form of supply delays and rising costs.

"All key business activity gauges – output, new order inflows, exports, backlogs of work and employment – are close to six-year highs.

"However, the survey is also signalling the highest incidence of supplier delivery delays for nearly six years, underscoring how suppliers are struggling to meet surging demand.

"These delays send a warning signal about rising inflationary pressures, as busy suppliers are often able to hike prices. Prices charged for goods leaving the factory gate are consequently rising at the fastest rate since mid-2011, despite March seeing a drop in the price of oil and a stronger euro against the US dollar, as supplier price hikes are passed on to customers.

"The upturn is broad-based with one exception. Greece is suffering an increased rate of contraction of its manufacturing economy, with exports dropping sharply again in March."

-Ends-

** Including intra-eurozone trade*

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Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by 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 March 2017 flash was based on 95% 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 *PMI*®	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.

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 Markit. Please contact economics@ihsmarkit.com.

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About PMI
Purchasing Managers' Index® (*PMI*®) surveys are now available for over 30 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 www.markit.com/product/pmi.