IHS Markit

News Release

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

Eurozone Manufacturing PMI rises to 70-month high as growth accelerates in Germany, the Netherlands and Italy

Key findings:

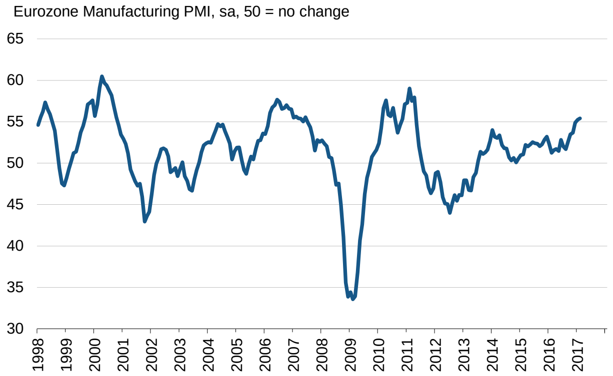
- Final Eurozone Manufacturing PMI at 55.4 in February (Flash: 55.5, January Final: 55.2)
- Manufacturing production, new orders and employment rise in all nations except Greece
- Price pressures intensify

Data collected February 10-21

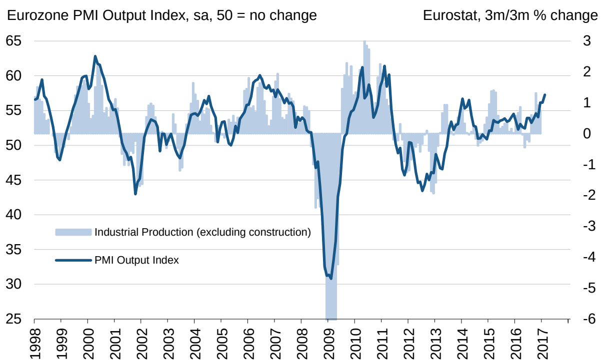
Countries ranked by Manufacturing PMI: Feb.

Netherlands	58.3	70-month high
Austria	57.2	2-month low
Germany	56.8 (flash: 57.0)	69-month high
Italy	55.0	14-month high
Spain	54.8	3-month low
Ireland	53.8	3-month low
France	52.2 (flash: 52.3)	3-month low
Greece	47.7	2-month high

Markit Eurozone Manufacturing PMI



Source: IHS Markit.



Sources: IHS Markit, Eurostat

February saw the rate of improvement in eurozone manufacturing operating conditions gather further momentum. At 55.4, up from 55.2 in January, the final Markit Eurozone Manufacturing PMI® rose to its highest level since April 2011 despite posting slightly below its earlier flash estimate of 55.5.

National PMI data indicated that seven out of the eight nations covered saw operating conditions improve (the sole exception being Greece). Three countries also registered faster rates of expansion – the Netherlands, Germany and Italy.

The Netherlands rose to the top of the PMI growth rankings, with its headline index rising to a 70-month record. Austria was in second position overall despite its PMI dipping from January's high, followed by Germany where growth hit a 69-month peak. The recovery in Italian manufacturing continued to gather pace, with the rate of expansion hitting a 14-month high. Growth slowed to three-month lows in Spain, Ireland and France. The rate of contraction in Greece moderated.

Euro area manufacturing production and new orders both rose at the quickest rates since April 2011. Companies indicated that domestic demand remained solid in a number of markets, while the weak euro contributed to the fastest growth of new export business for almost six years.

New export orders* rose in almost all of the nations covered (Greece was the exception). Germany, Italy, the Netherlands and Ireland all saw sharper increases than in January. Growth remained robust in Spain and Austria, whereas France saw only a moderate expansion.

Although the weak euro exchange rate was a spur for export competitiveness, it was also a major factor driving up purchase prices. Average input costs rose at the quickest pace since May 2011, with companies reporting that many commodities were higher in price. These pressures filtered through to the factory gate, with average output charges rising to the greatest extent for over five-and-a-half years.

There were also signs that rising demand for raw materials (purchasing activity rose at the second-steepest pace in almost six years) led to sellers' markets developing for a number of inputs. This was highlighted by supplier lead times lengthening to the joint-greatest extent since mid-2011.

Accelerated growth of production and new work received had positive impacts on business optimism and job creation during February. Confidence levels were only slightly below the series-record high achieved in January, which companies also linked to improving global economic growth.

Meanwhile, stronger order inflows and an associated rise in backlogs of work encouraged manufacturers to increase employment for the thirtieth month in a row. The rate of job growth eased from January's high, but remained among the sharpest registered in the survey history[†].

Staffing levels were increased in Germany, France, Italy, Spain, the Netherlands, Austria and Ireland, with accelerated rates of growth signalled in three (Italy, the Netherlands, and Austria). Greece registered job cuts for the third straight month, although the rate of shedding was only slight and weaker than in the prior survey month.

[†] The Eurozone Manufacturing PMI Employment Index is currently at its 16th highest level out of 237 months of data collection.

Comment

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

"Euro area manufacturers are reporting the strongest production and order book growth for almost six years, in what's looking like an increasingly robust upturn.

"Companies clearly expect the good times to persist. This year has seen firms more optimistic about the future than at any time since the region's debt crisis. Companies are reporting stronger demand in both home and export markets, with the weakened euro providing an accompanying tailwind to help drive sales.

"Given the current buoyant demand environment, manufacturers are eschewing political uncertainty and quietly getting on with growing their businesses. The rate of job creation seen so far this year in the manufacturing sector has consequently been among the best seen in the history of the euro.

"Greece remains the outlier, stuck firmly in contraction territory while all other countries are expanding with the Netherlands, Austria and Germany enjoying the strongest growth.

"On the price front, not only are higher commodity prices and the weak euro pushing up firms' costs, but there's also growing evidence of a sellers' market developing for many goods as demand exceeds supply, which suggests core inflationary pressures may be starting to rise."

-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 February 2017 flash was based on 88% 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.