

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) July 4th 2018**

## IHS Markit Eurozone Composite PMI<sup>®</sup> – final data

Includes IHS Markit Eurozone Services PMI<sup>®</sup>

### Euro area output and new orders expand at faster rates in June

#### Key findings:

- Final Eurozone Composite Output Index: **54.9** (Flash: 54.8, May Final: 54.1)
- Final Eurozone Services Business Activity Index: **55.2** (Flash: 55.0, May Final: 53.8)

Data collected June 12-26

The eurozone economy regained some traction at the end of the second quarter. Rates of expansion in output and new business accelerated, although failed to fully recover the momentum lost earlier in the year. The main impetus was provided by the services economy, which saw growth accelerate to a four-month high, offsetting a further waning in the pace of increase in manufacturing production.

The final **IHS Markit Eurozone PMI<sup>®</sup> Composite Output Index** posted 54.9 in June, up from 54.1 in May and the earlier flash estimate of 54.8. However, the average reading over the second quarter as a whole (54.7) was the weakest registered since the final quarter of 2016.

National PMI data saw Ireland top the output growth league table, with economic activity rising at the fastest pace in five months. Rates of increase also picked up in Germany, France and Italy. Third-placed Spain was the only nation to see its rate of expansion decelerate (to a 17-month low).

The trends in euro area new business followed a similar pattern to output. New orders increased at a faster pace, with accelerations seen in Germany, France, Italy and Ireland. The mild improvement in demand growth partly reflected a recovery after an unusually high number of holidays depressed activity and new order inflows in May. The latest increase in new business was sufficiently robust to test capacity, with backlogs of work rising for the thirty-seventh successive month.

#### IHS Markit Eurozone Composite PMI



#### Countries ranked by output growth\*: June

Ireland	58.1	5-month high
France	55.0 (flash: 55.6)	2-month high
Spain	54.8	17-month low
Germany	54.8 (flash: 54.2)	3-month high
Italy	53.9	4-month high

\* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release.

Recent surveys have nonetheless seen increased company reports of conditions slowing compared to earlier in the year. In some cases this has been due to concerns about rising trade worries, political uncertainty and the impact of ongoing capacity constraints on the pace of economic expansion in the coming months. This was reflected in the trend in business optimism, which dipped to a 19-month low.

June saw further job creation, with the rate of expansion remaining solid and picking up slightly compared to the prior survey month. Employment rose in all of the nations covered, with growth improving in Germany, France and Ireland.

Price pressures increased at the end of the second quarter. Input costs rose to the greatest extent in five months. This fed through to higher selling prices, which increased at the quickest pace since February.

## Services

The performance of the eurozone service sector improved at the end of the second quarter. Rates of expansion in business activity, new orders and employment accelerated, while business optimism ticked higher for the first time in four months.

The final **IHS Markit Eurozone PMI® Services Business Activity Index** posted a four-month high of 55.2 in June, up from May's 16-month low of 53.8 and the earlier flash estimate of 55.0. The index has signalled expansion in each of the past 59 months. However, the average reading over the second quarter as a whole (54.5) was down from the opening quarter (56.4) and the worst outcome in one-and-a-half years.

Output growth strengthened across the 'big-three' euro area service economies in June. Rates of expansion hit four-month highs in Germany and Italy, and a two-month high in France. Ireland recorded the fastest increase of all the nations covered, while third-placed Spain was the only one to see a growth deceleration (to a seven-month low).

Eurozone services new business also rose at the fastest pace for four months in June, with rates of expansion picking up in all of the nations covered bar Spain. This was sufficient to maintain pressure on capacity, leading to a rise in backlogs of work for the twenty-fifth month in a row. Job creation accelerated to a two-month high in response, with sharper increases registered in Germany, France and Ireland.

Growth of output, new orders and backlogs had a mildly positive impact on business confidence<sup>†</sup>, which improved slightly for the first time in four months during June. That said, the overall degree of business optimism was still the second-weakest seen over the past ten months.

Price pressures crept higher at the end of the second quarter. Input price inflation remained strong and accelerated to an 86-month high. Companies reported higher fuel and staff costs. Part of the increase in input prices was passed on

in the form of higher output charges, which rose to one of the greatest extents in the past decade.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"Eurozone growth regained momentum in June, rounding off a respectable second quarter performance, for which the survey data point to GDP rising by just over 0.5%. June also saw new orders and employment growth perk up, suggesting rising demand continues to motivate companies to expand capacity."*

*"Firms' costs and average selling prices for goods and services are meanwhile rising at rates close to seven-year highs, which will likely feed through to higher consumer price inflation in coming months."*

*"The upturn in the pace of economic growth and resurgent price pressures adds support to the ECB's view that stimulus should be tapered later this year, but the details of the survey also justify the central bank's cautious approach to policy."*

*"In particular, a weakening in business optimism to the lowest for over one-and-a-half years reflects intensifying nervousness about the outlook for the economy, notably in manufacturing, as trade-war talk escalates. Service sector companies – generally less affected by international trade – are more upbeat about the year ahead, though less so than earlier in the year as domestic political issues once again add to uncertainty about the outlook."*

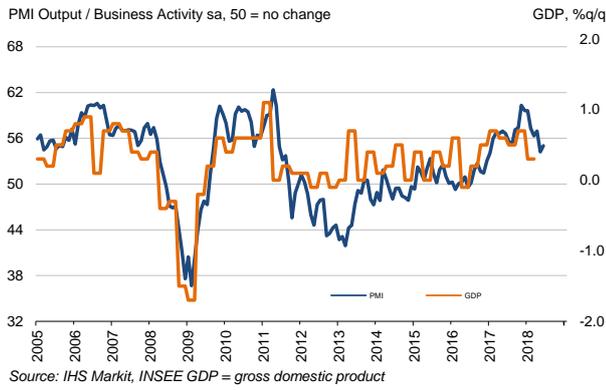
*"With many service companies – notably transport – dependent on a healthy manufacturing sector, any downturn in trade could soon spill over to the service sector."*

-Ends-

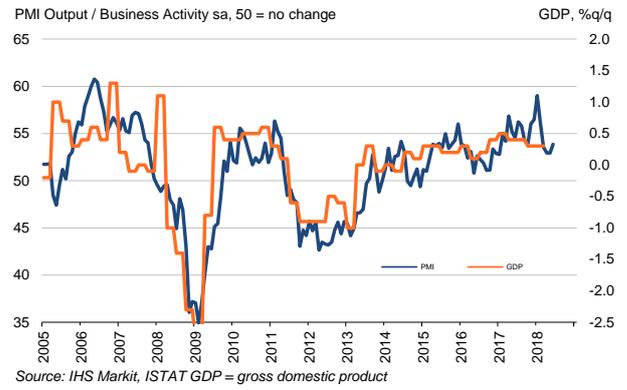
\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

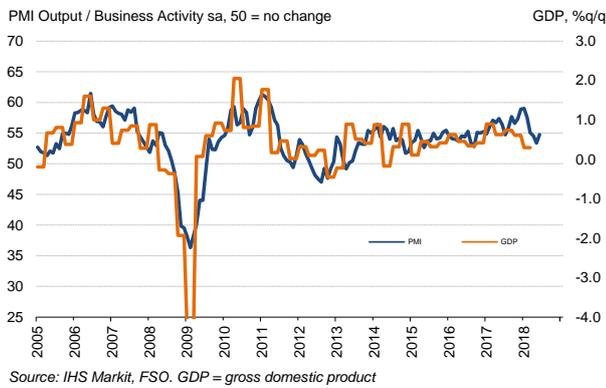
### France



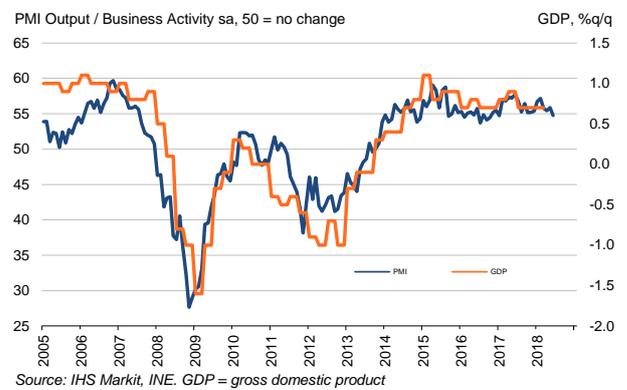
### Italy



### Germany



### Spain



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**Note to Editors:**

The Eurozone Composite *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. National manufacturing data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. National services data are included for Germany, France, Italy, Spain and the Republic of Ireland.

The Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 78% of eurozone private sector services output.

The final Eurozone Composite *PMI* and Services *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The June composite flash was based on 88% of the replies used in the final data. The June services flash was based on 83% of the replies used in the final data. **Data were collected 12-26 June.**

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 Composite Output <i>PMI</i>	0.0	0.2
Eurozone Services Business Activity <i>PMI</i>	0.0	0.3

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 subsequently revised data are available to subscribers from IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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>.

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