

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

Eurozone manufacturing expands at fastest pace in six years

Key findings:

- Final Eurozone Manufacturing PMI at 56.7 in April (Flash: 56.8, March Final: 56.2)
- Output, new orders and employment all rise at quickest rates in six years
- Input price pressures remain elevated, but ease further from recent high

Data collected April 11-24

Markit Eurozone Manufacturing PMI



The eurozone manufacturing sector continued to gain momentum at the start of the second quarter. At 56.7 in April, up from 56.2 in March, the final Markit Eurozone Manufacturing PMI® rose to a six-year high. The PMI was only a tick below the earlier flash estimate of 56.8.

Seven out of the eight nations covered recorded an improvement in operating conditions. The sole exception was Greece, where a deterioration was signalled for the eighth straight month. Growth was led by Germany, which saw its rate of expansion remain close to March's 71-month high.

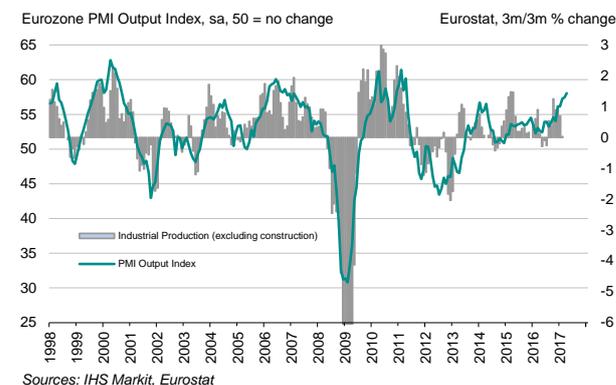
The Netherlands PMI held steady at its March level. This performance was sufficient to place the

Netherlands third in the PMI growth rankings, only slightly behind Austria in second position.

PMI readings rose in all of the other nations covered by the survey. France, Italy and Austria saw growth accelerate to rates last achieved around six years ago. Rates of expansion also recovered from recent lows in Spain and Ireland.

Countries ranked by Manufacturing PMI: Apr.

Germany	58.2 (flash: 58.2)	2-month low
Austria	58.1	73-month high
Netherlands	57.8	Unchanged
Italy	56.2	73-month high
France	55.1 (flash: 55.1)	72-month high
Ireland	55.0	3-month high
Spain	54.5	2-month high
Greece	48.2	4-month high



Underpinning the gain in the level of the Eurozone Manufacturing PMI were stronger rates of expansion in output, new orders and faster job creation. Longer supplier delivery times also had a positive effect on the PMI level.

April saw manufacturing production and new orders both expand to the greatest extents since April 2011. Companies reported that demand improved from both domestic and export clients.

New export business* also rose at the quickest pace for six years, led by strong (albeit slower) gains in Germany and faster rates of expansion in France, Italy, Spain, Austria and Ireland. The Netherlands also saw a strong increase in new export work, in contrast to a further sharp decrease in Greece.

The improved performance of eurozone manufacturers also had a positive effect on business confidence. Companies were (on balance) firmly anticipating an expansion of output over the coming 12 months, with the degree of positive sentiment almost matching January's series-record high.

Stronger confidence among manufacturers also encouraged further job creation. The rate of increase in staffing levels accelerated to its fastest in six years and was among the best registered since early-2000. Solid jobs growth was seen in almost all of the nations covered. The only exception was Greece, which nonetheless saw only a minor decrease.

Part of the increase in employment was attributed to rising backlogs of work, itself a by-product of the stronger inflows of new work received. Outstanding business has expanded in each of the past 24 months, with the latest rate of growth only slightly slower than March's near six-year high.

Price pressures remained elevated during the latest survey month. Input costs increased at a rate close to February's 69-month high. As a consequence, selling prices continued to rise, with the pace of inflation close to March's near six-year record.

Some firms linked higher costs to supply chain factors. This was further highlighted by vendor lead times lengthening to the sharpest degree since May 2011, signalling a growing trend towards a sellers' market for many items.

Comment

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

“Eurozone manufacturers reported buoyant business conditions in April, signalling an encouragingly solid start to the second quarter. Production, order books and exports all grew at the fastest rates for six years, fuelling one of the largest increases in factory jobs in the 20-year history of the survey.*

“The latest survey readings indicate that manufacturing is growing at an annual rate of approximately 4-5%, which should make a significant contribution to overall economic growth.

“Companies are benefitting from the historically weak euro, improved growth in key export markets, rising domestic demand and ongoing central bank stimulus including record-low interest rates.

“Optimism about the year ahead meanwhile appears unaffected by political worries, with the first four months of 2017 seeing confidence remaining elevated at the highest level since the future output series started in 2012.

“Strong – and often accelerating – rates of growth were seen in all countries with the notable exception of Greece, which remained mired in decline in part due to falling exports.”

-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 April 2017 flash was based on 92% 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.

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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