

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) June 5th 2017

IHS Markit Eurozone Composite PMI[®] – final data

Includes IHS Markit Eurozone Services PMI[®]

Eurozone economic growth steadies in May as Germany and France expand at fastest rates in six years

Key findings:

- Final Eurozone Composite Output Index: **56.8** (Flash: 56.8, April Final: 56.8)
- Final Eurozone Services Business Activity Index: **56.3** (Flash: 56.2, April Final: 56.4)

Data collected May 12-25

The rate of eurozone economic growth continued to run at the quickest pace in six years during May. This was confirmed by the final **IHS Markit Eurozone PMI[®] Composite Output Index** posting 56.8, unchanged from the earlier flash estimate and April's final reading.

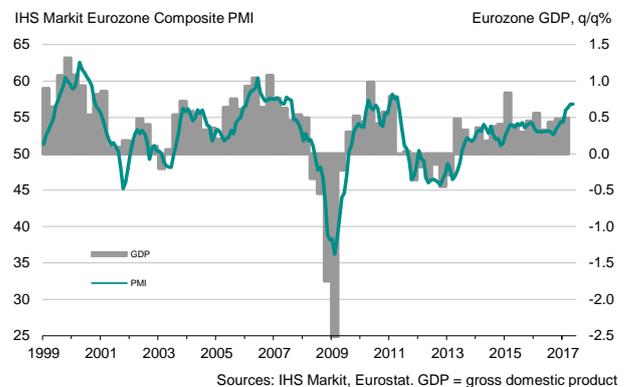
The latest expansion of output was supported by strong growth of incoming new business. New orders increased at an identical pace to April, one of the steepest gains signalled for six years.

Optimism about the one-year outlook for output rose to its highest level since data for this series were first collected in July 2012. Strong new order inflows tested capacity, leading to rising volumes of outstanding business. This in turn led to faster job creation, with employment rising at one of the quickest rates seen over the past decade.

Price pressures meanwhile remained elevated, despite some easing in both input cost and output charge inflation. In both cases, rates of increase were nonetheless only moderately below highs reached earlier in the year.

By sector, the latest expansion of overall business activity was led by manufacturing. Goods production rose at the quickest pace in over six years, underpinned by a similarly strong increase in new orders received. Service sector activity rose at a rate little-changed from April's six-year high,

IHS Markit Eurozone Composite PMI



Countries ranked by output growth*: May

Germany	57.4 (flash: 57.3)	73-month high
Spain	57.2	2-month low
France	56.9 (flash: 57.6)	72-month high
Italy	55.2	2-month low

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

Data for Ireland Services and Composite are released on June 6th.

although new business grew at the slowest pace in four months.

National PMI data signalled that the solid rate of eurozone economic expansion mainly reflected improved performances in the 'big-two' nations. Rates of increase hit six-year highs in both Germany and France. German growth was led by a robust expansion of manufacturing production, whereas for France the service sector was the prime driver. Both nations also reported stronger rates of overall job creation.

Spain was in second position in the latest PMI Output Index rankings, despite seeing its rate of expansion ease from April's high. Growth also

decelerated slightly in Italy. Both nations also registered solid increases in employment. However, in line with the trend in output, the rates of job creation moderated.

Services

The rate of expansion in eurozone service sector business activity remained marked in May. This was signalled by the final **IHS Markit Eurozone PMI® Services Business Activity Index** posting 56.3, down slightly from 56.4 in April, and a tick above the earlier flash estimate of 56.2.

The headline services index has now indicated an increase in business activity for 46 successive months. Each of the 'big-four' national services economies registered an increase in output in May, although only France saw growth accelerate.

The steepest rate of expansion was recorded in Spain, followed closely by France. Growth stabilised at a solid pace in Germany and also remained marked in Italy (albeit slower than in the prior survey month).

Underlying the latest expansion of eurozone services business activity was a further substantial increase in new orders. The rate of growth remained above the long-run survey average, despite easing to a four-month low. The ongoing improvement of conditions in the service sector had a positive effect on business confidence, which hit an 85-month record high in May.

Strong new order growth continued to test capacity, leading to a further increase in backlogs of work. This in turn encouraged job creation, with staffing levels rising for the thirty-first successive month. Employment rose across the 'big-four' nations, although only France saw its pace of job creation accelerate (to the highest since August 2011).

On the price front, May's survey showed a further solid increase in average charges. The rate of inflation was among the fastest registered during the past six years. Services firms also faced another strong rise in average costs, linked in many cases to salary pressures. The rate of increase was at a six-month low but still among the highest seen since the first half of 2011.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The final PMI readings add to mounting evidence that the eurozone is enjoying a strong second quarter, consistent with GDP rising at a 0.7% rate.

"Encouragingly, both the hard data and the surveys are revealing a broad-based upturn. So far in the second quarter the PMI surveys are running at levels indicative of 0.7% GDP growth in France and Germany, with nearly 1% being signalled for Spain and 0.5% in Italy.

"Official data have lagged behind the strength signalled by PMI data, but recent revisions to first quarter GDP estimates are now bringing the official numbers more in line with the surveys.

"With the rate of job creation rising to one of the highest seen over the past decade, the recovery is also becoming more sustainable, as the improved labour market should feed through to higher consumer spending.

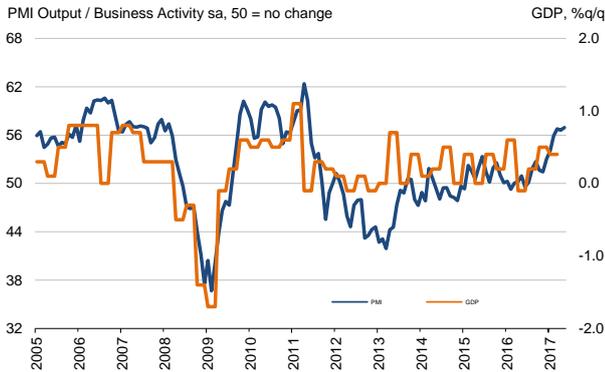
"The outlook for the eurozone economy therefore seem to be tilting to the upside, and it seems likely that we'll start to see many forecasters' expectations for 2017 growth revised higher."

-Ends-

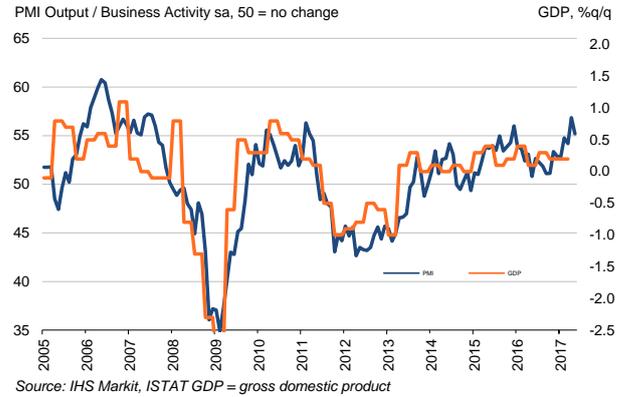
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

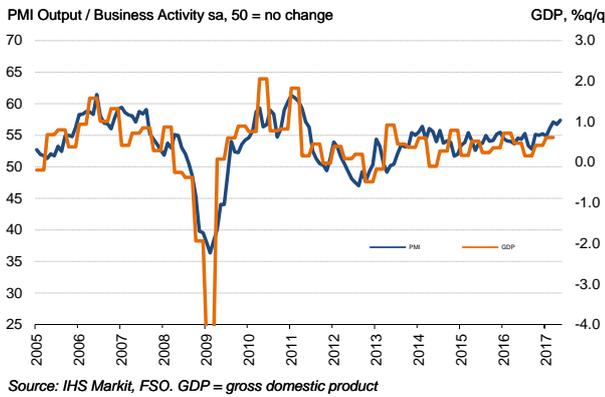
France



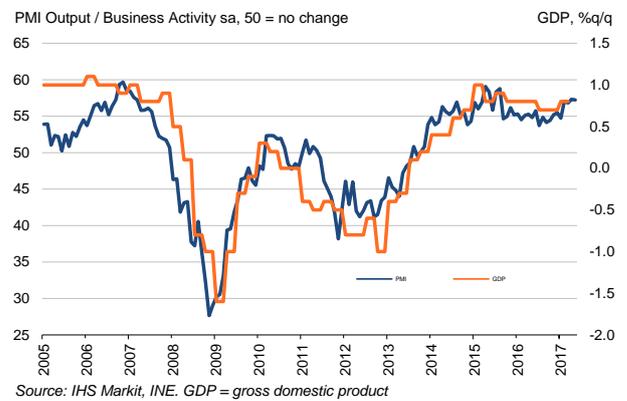
Italy



Germany



Spain



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Note to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) 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 May composite flash was based on 81% of the replies used in the final data. The May services flash was based on 72% of the replies used in the final data. **Data were collected 12-25 May.**

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.

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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.

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