

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

Includes Markit Eurozone Services PMI®

Eurozone growth at near six-year high as Germany and France accelerate

Key findings:

- Final Eurozone Composite Output Index: **56.4** (Flash: 56.7, February Final: 56.0)
- Final Eurozone Services Business Activity Index: **56.0** (Flash: 56.5, February Final: 55.5)

Data collected March 13-28

Eurozone output and new order growth accelerated to near six-year records in March, rounding off the best quarter for the currency union's economy since the second quarter of 2011.

The final **Markit Eurozone PMI® Composite Output Index** rose to a 71-month high of 56.4 in March, up from 56.0 in February but below the flash estimate of 56.7. The index has signalled expansion in each of the past 45 months.

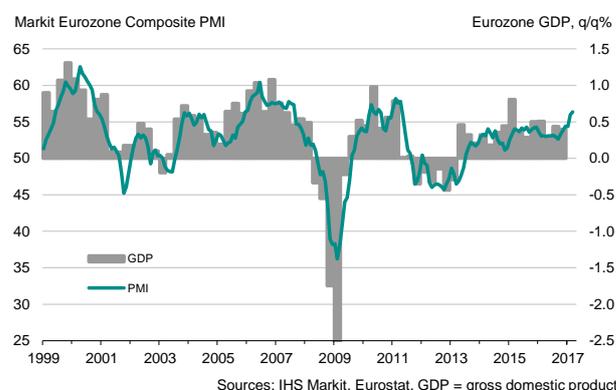
Output growth was registered across the manufacturing and service sectors. Rates of expansion improved to near six-year highs in both cases, with the former outpacing the latter for the tenth successive month.

National PMI data indicated that Germany had risen to the top of the growth rankings, with its rate of economic expansion accelerating to a 70-month high. Following closely behind were Ireland, Spain and France, whose PMI Output Index readings were all within 0.3 points of Germany's.

The rebound in French growth recently has been solid, hitting a 70-month record during the latest survey. Rates of increase eased slightly in Ireland and Spain. Italy also saw output growth slow and was the only one of the 'big-four' nations to register an expansion below the euro area average.

March saw the strongest inflows of new business into the eurozone economy since April 2011. The increased pressure on capacity led to the fastest accumulation of backlogs of work for 71 months

Markit Eurozone Composite PMI



Countries ranked by output growth*: March

Germany	57.1 (flash: 57.0)	70-month high
Ireland	56.9	4-month low
Spain	56.8	2-month low
France	56.8 (flash: 57.6)	70-month high
Italy	54.2	2-month low

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

and encouraged further job creation.

Employment growth was the sharpest in over nine-and-a-half years. Rates of increase accelerated across the 'big-four' national economies and also remained elevated (albeit slower) in Ireland.

Price pressures remained strong in March. Input cost inflation was close to February's 69-month record, reflecting rising global commodity prices and the historically weak euro exchange rate. The pass-through of higher costs to clients, combined with improved pricing power, meant output charges rose to the greatest extent since June 2011.

The economic outlook also brightened in March. Business optimism rose to a fresh series-record high, improving at service providers and remaining relatively elevated at manufacturers too.

Services

The upturn in eurozone service sector output gathered momentum at the end of the opening quarter. The final **Markit Eurozone PMI® Services Business Activity Index** rose to a 70-month high of 56.0 in March, up from 55.5 in February but below the earlier flash estimate of 56.5.

All of the nations covered by the survey registered increases in business activity in March. The steepest pace of expansion was recorded in Ireland, albeit a three-month low.

France rose to second in the service sector output growth rankings, as its rate of increase accelerated to a 70-month record. Germany was the only other nation to report faster growth (15-month high) but remained in fourth place behind Spain.

Underpinning the faster expansion of eurozone service sector activity was the strongest growth of incoming new work since April 2011. This in turn exerted pressure on capacity, leading to the sharpest accumulation of backlogs of work for 70 months. All of the nations covered saw levels of both new orders received and outstanding business rise during the latest survey month.

To ease the pressure on capacity, service providers expanded employment for the twenty-ninth straight month in March. Moreover, the rate of increase picked up to the steepest in almost nine-and-a-half years. Job creation accelerated in each of the 'big-four' national service economies.

March data signalled the steepest increase in average service charges since July 2011. Selling prices were raised in Germany, Spain and Ireland to more than offset further (albeit slower) declines in France and Italy. The pass-through of rising costs to clients remained a principal factor driving up output charges. Input price inflation remained close to February's 68-month record.

The outlook for the eurozone service sector brightened in March. The overall degree of business optimism[†] rose to a six-year high. This reflected expectations of further improvements in both economic growth and market demand during the coming 12 months.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The expansion recorded by the final PMI numbers was not quite the growth spurt indicated by the flash release, but still points to an impressive rate of economic growth. The latest numbers round off the strongest quarter since the spring of 2011 and are consistent with eurozone GDP rising by 0.6% in the first three months of 2017.

"This is a broad-based upturn among the euro's largest members, with 0.6% growth signalled for both Germany and France, while Spain looks set to have enjoyed 0.8-0.9% growth in the first quarter, according to the PMI data. Growth has also perked up in Italy during the first quarter despite a slight pull-back in March, with the surveys indicating a 0.3-0.4% expansion.

"Most welcome for a region still suffering near-double digit unemployment is a rise in the survey's employment index to its highest for almost a decade, suggesting we should expect to see the jobless rate fall further in coming months.

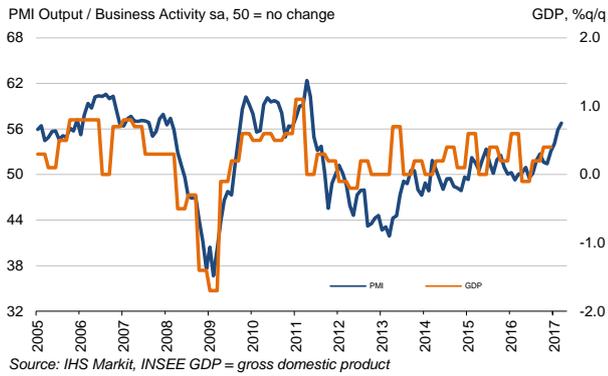
"Price pressures remain elevated, and look likely to feed through to higher consumer prices in coming months, but it seems likely that the ECB will hold its accommodative policy stance until at least later this year. These survey numbers nevertheless shorten the odds of policy being tapered in early-2018."

-Ends-

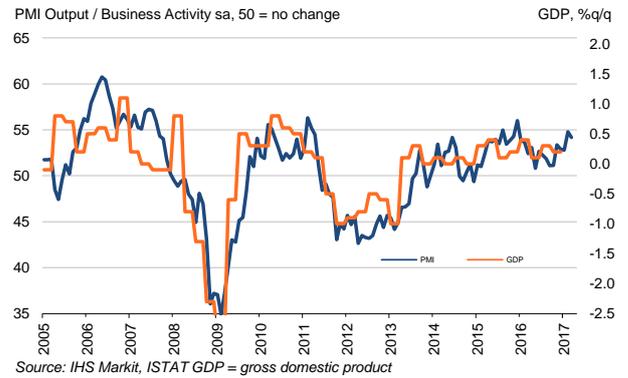
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

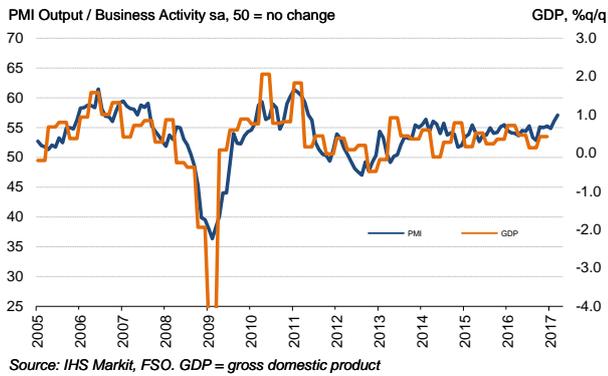
France



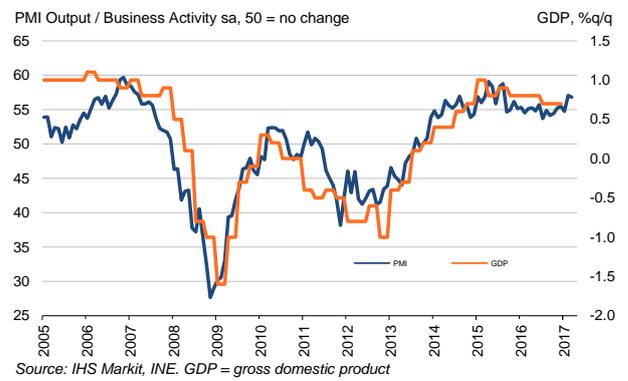
Italy



Germany



Spain



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Note to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by 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 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 March composite flash was based on 88% of the replies used in the final data. The March services flash was based on 79% of the replies used in the final data. **Data were collected 13-28 March.**

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.

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 Markit. Please contact economics@ihsmarkit.com.

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