

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

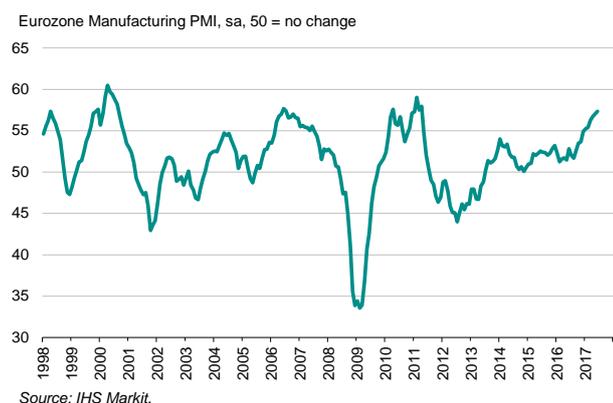
Eurozone manufacturing upturn gains further momentum as PMI hits 74-month high

Key findings:

- Final Eurozone Manufacturing PMI at 57.4 in June (Flash: 57.3, May Final: 57.0)
- Growth rates improve in majority of nations; Greece returns to expansion
- Job creation stays close to May's survey record

Data collected June 12-23

IHS Markit Eurozone Manufacturing PMI

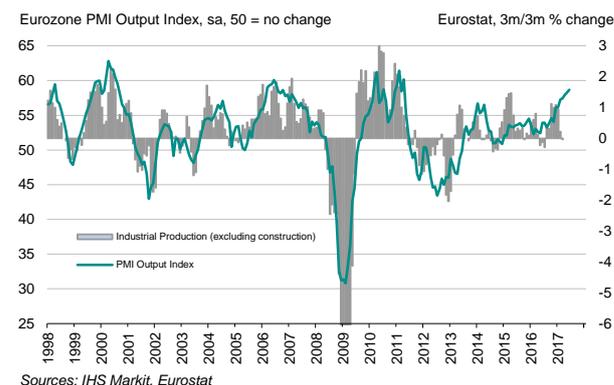


The rate of expansion in the eurozone manufacturing sector accelerated to its fastest in over six years in June, reflecting improved performances across Germany, France, Italy, the Netherlands, Ireland, Greece and Austria. Output expanded on the back of rising inflows of new work, encouraging companies to maintain the pace of job creation close to May's 20-year survey record high.

The final IHS Markit Eurozone Manufacturing PMI[®] rose to 57.4 in June, up from 57.0 in May and the earlier flash estimate of 57.3. The PMI has now remained above the neutral 50.0 mark throughout the past four years. Moreover, the average reading during the second quarter (57.0) is the best outcome in over six years (since Q1 2011).

Countries ranked by Manufacturing PMI: June

Austria	60.7	76-month high
Germany	59.6 (flash: 59.3)	74-month high
Netherlands	58.6	74-month high
Ireland	56.0	23-month high
Italy	55.2	2-month high
France	54.8 (flash: 55.0)	2-month high
Spain	54.7	2-month low
Greece	50.5	37-month high



The strongest rates of improvement in operating conditions were recorded in Austria (76-month high), Germany and the Netherlands (both 74-month highs). Growth picked up to a near two-year high in Ireland, and also accelerated in France and Italy.

There was also positive news for Greece, where the PMI moved back into expansion territory for the first time since August 2016, hitting a 37-month high in the process. Spain was the only nation that failed to see its PMI level improve, although the rate of expansion signalled remained well above its long-run trend.

Euro area manufacturing production and new orders expanded at the quickest rates since the opening half of 2011, underpinned by robust intakes of new work from both domestic and export* clients. This

exerted further pressure on capacity, leading to one of the steepest increases in work-in-hand in the series history.

The combination of improved new order inflows and rising backlogs of work meant that the pace of job creation remained close to May's 20-year survey-record high in June. Rates of increase in staffing levels accelerated in France, the Netherlands, Austria and Greece, but slowed in Germany, Italy, Spain and Ireland.

Eurozone manufacturers maintained a positive outlook for the sector's performance in June. Companies expect production levels to be higher in one year's time, with the degree of positive sentiment the highest since data on output expectations were first collected in mid-2012. Business confidence was at a record high in France, and also close to series peaks in Germany, the Netherlands and Austria.

The latest survey month also saw the sharpest increase in purchasing activity for over six years, reflecting preparations for meeting expected demand growth over the coming months. Part of the expansion in purchasing volumes also reflected efforts to ease pressure on input stocks, which fell for the third month running.

Cost pressures continued to ease in June. The rate of input cost inflation was at an eight-month low, while output charges increased at the second-slowest pace since January. Both price measures nonetheless remained above their long-run series averages.

Manufacturers reported that input cost inflation had cooled as a result of lower prices for a number of commodities, especially oil. However, with supplier performance deteriorating to the greatest extent since April 2011, inflationary pressures persisted in supply chains.

Comment

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

“Eurozone manufacturing growth gained further momentum in June, rounding off the best quarter for just over six years. At current levels, the PMI is indicative of factory output growing at an annual rate of some 5%, which in turn indicates the goods-producing sector will have made a strong positive contribution to second quarter economic growth.

“Exports continue to play a major role in driving the expansion, increasing in recent months at rates not seen for six years, buoyed in part by the weak euro. But it's also clear that factories are benefitting from ongoing strong demand from domestic customers.*

“Input cost inflation has eased markedly since earlier in the year but remains elevated, causing manufacturers to hike their selling prices sharply again. Increasingly widespread supply chain shortages mean pricing power is being regained, hinting at some upward pressures to core inflation.

“There's no sign of the impressive performance ending any time soon. Optimism about the year ahead has risen to the highest for at least five years, backlogs of orders are building up at the fastest rate for over seven years and factories are reporting near-record hiring as they struggle to deal with the upturn in demand. As such, the manufacturing sector is clearly in expansion mode and looks poised for continued robust growth in coming months.”

-Ends-

* Including intra-eurozone trade

For further information, please contact:

Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@ihsmarkit.com

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Mobile +44-7826-913-863
Email rob.dobson@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@ihsmarkit.com

Note to Editors:

The Eurozone Manufacturing PMI[®] (*Purchasing Managers' Index*[®]) is produced by IHS 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 June 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 PMI	0.0	0.2

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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 revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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