

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

Includes Markit Eurozone Services PMI®

Eurozone job creation at nine-year high as business confidence strengthens

Key findings:

- Final Eurozone Composite Output Index: **54.4** (Flash: 54.3, December Final: 54.4)
- Final Eurozone Services Business Activity Index: **53.7** (Flash: 53.6, December Final: 53.7)

Data collected January 12-26

The eurozone economy made a strong start to 2017, with output growth maintained at December's five-and-a-half year high and job creation accelerating to a near-nine year record.

The final **Markit Eurozone PMI® Composite Output Index** posted 54.4 in January, unchanged from December and a tick above the earlier flash estimate of 54.3. The headline index has signalled expansion in each of the past 43 months.

Growth of manufacturing production and service sector business activity both steadied at the solid rates achieved at the end of last year. This meant that the expansion in manufacturing outpaced that in services for the eighth month in a row.

Output increased across the 'big-four' economies and Ireland during January. Ireland registered the strongest expansion overall, with growth picking up to a ten-month high. Solid expansions were also seen in Germany, Spain and France.

Growth slowed slightly in Germany and Spain, however, to four- and three-month lows respectively. The recent recovery in France gathered further momentum though, with the rate of increase the quickest in over five-and-a-half years. Growth in Italy eased to a three-month low.

The rate of job creation in the euro area was the fastest since February 2008. Employment rose at quicker rates in Germany (three-month high), France (19-month high) and Italy (six-month high), but slowed slightly in Spain and Ireland.

Markit Eurozone Composite PMI



Countries ranked by output growth*: January

Ireland	59.3	10-month high
Germany	54.8 (flash: 54.7)	4-month low
Spain	54.7	3-month low
France	54.1 (flash: 53.8)	67-month high
Italy	52.8	3-month low

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

The outlook for the eurozone economy and labour market also both remained positive in January. Growth of new business remained solid with the rate of increase accelerating to a 14-month high, leading to a further accumulation of backlogs of work. Moreover, the Future Output Index – which tracks companies' expectations about levels of output in one year's time – rose to its highest level since the series began in July 2012.

Inflationary pressures intensified further in January. Input costs increased at the fastest rate in over five-and-a-half years, reflecting higher global commodity prices, increased import costs due to the weak euro and supplier price hikes. Meanwhile, improved pricing power led to a further increase in average output charges. Selling prices rose at a rate matching December's 65-month record.

Services

At 53.7 in January, unchanged from December, the final **Markit Eurozone PMI® Services Business Activity Index** signalled an expansion of output for the forty-second successive month. The final reading was slightly above the earlier flash estimate of 53.6. Solid output expansions were seen across the ‘big-four’ nations and Ireland.

The steepest increase in business activity was again registered in Ireland, where growth reached a seven-month high. Spain remained in second position, despite seeing its rate of expansion slow to a six-month low, followed by an improving pace of growth in France.

The rate of increase in France was the joint-quickest since August 2011, underpinned by the fastest inflows of new work in over one-and-a-half years. Growth eased in Germany to a four-month low, reflecting a similar slowdown in new business. Business activity in Italy rose at a marginally faster pace than at the end of last year, despite a slight easing in the rate of expansion in new orders.

January saw business confidence† at euro area service providers remain close to December’s 11-month high. Optimism improved in Germany and Spain, but dipped in France, Italy and Ireland.

Higher confidence combined with the ongoing upturn in the sector led to further job creation. Eurozone services employment rose for the twenty-seventh successive month in January, with the rate of growth rising to a six-month high. Staffing levels rose in each of the five nations covered by the survey, led by Ireland and Germany.

Input cost inflation accelerated again in January, taking the rate of increase to its quickest since March 2012. Improved pricing power combined with a desire to pass rising costs onto clients led to a further increase in average output charges. Selling prices rose for the third month running, albeit to a slightly lesser extent than in the prior survey month.

Output charges increased in Germany, Spain and Ireland. In contrast, further price discounting was registered in France and Italy.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“The final PMI indicated marginally stronger business activity growth than the earlier flash estimate, and suggests the eurozone economy is growing at the fastest rate since mid-2011.

“The latest reading is comparable to GDP rising at a quarterly rate of 0.4%, indicating that the economy is starting 2017 on a solid footing. Meanwhile, faster growth of new business and an upturn in confidence about the year ahead to the highest since the region’s debt crisis bodes well for the robust pace of growth to be sustained in coming months.

“The impressive pace of employment growth should also help drive consumer spending higher in coming months, further boosting the economy.

“With jobs being created at the fastest rate since the global financial crisis, it certainly seems that companies are looking to expand and are not overly concerned about how business might be affected by political uncertainty. However, there remains a significant risk of political events subduing or even derailing the upturn, meaning we retain a cautious outlook for the eurozone, with GDP likely to rise by only 1.5% this year.

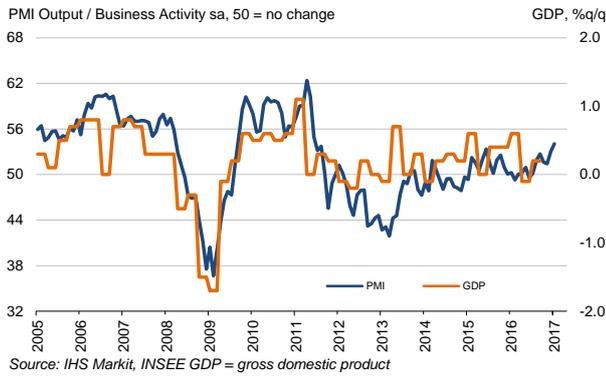
“While inflationary pressures are rising – with tentative signs of core inflation also picking up amid stronger demand – ECB rhetoric may soon turn more hawkish. However, any actual change to the policy stance still looks unlikely until at least late-2017 due to the heightened political uncertainty that clouds the outlook.”

-Ends-

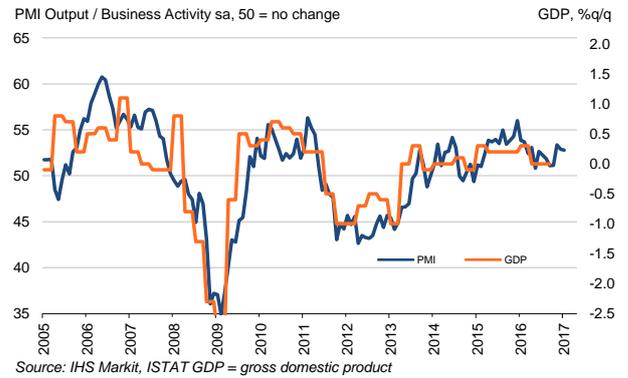
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

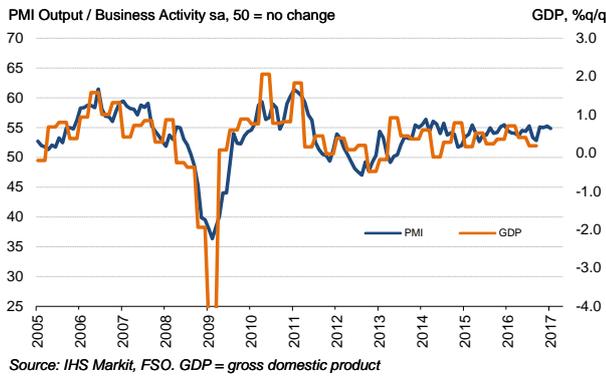
France



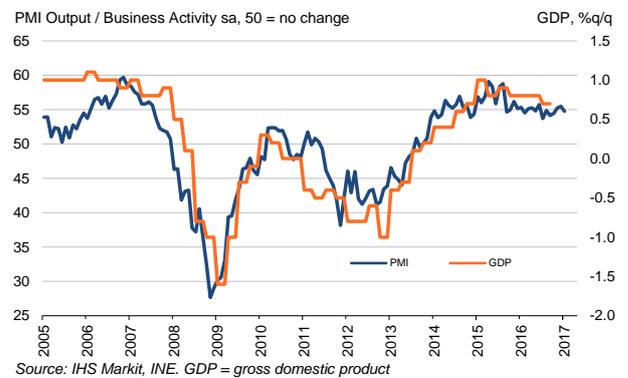
Italy



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 January composite flash was based on 83% of the replies used in the final data. The January services flash was based on 78% of the replies used in the final data. **Data were collected 12-26 January.**

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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