

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) January 4th 2018

IHS Markit Eurozone Composite PMI[®] – final data

Includes IHS Markit Eurozone Services PMI[®]

Eurozone economic growth highest since early-2011

Key findings:

- Final Eurozone Composite Output Index: **58.1** (Flash: 58.0, November Final: 57.5)
- Final Eurozone Services Business Activity Index: **56.6** (Flash: 56.5, November Final: 56.2)

Data collected December 5-18

The euro area economy gathered further growth momentum at the end of 2017, spurred on by a near-record expansion of manufacturing production and the steepest increase in service sector activity for over-six-and-a-half years.

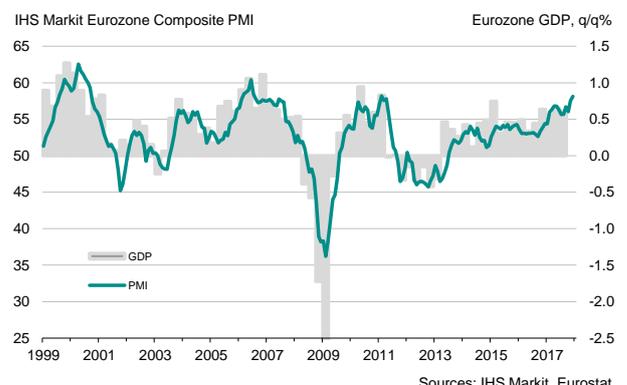
The final **IHS Markit Eurozone PMI[®] Composite Output Index** posted 58.1 in December, up from 57.5 in November, to register its highest reading since February 2011. The headline index has signalled growth for 54 successive months, with the average level during quarter four the best since the opening quarter of 2011.

Ireland remained at the top of the national output PMI growth league table in December, seeing its rate of expansion accelerate to the fastest for 21 months. France saw its pace of output growth remain close to November's high, putting it in second position overall. Rates of output expansion improved in Germany (80-month record), Italy (eight-month high) and Spain (three-month high).

The trend in new business also strengthened in December. Manufacturers saw the steepest increase since April 2000, underpinned by improved domestic demand and near-record growth in new export orders. Service providers, meanwhile, registered the fastest increase in new work for over a decade.

The positive economic environment led to improved business confidence in the euro area. Optimism

IHS Markit Eurozone Composite PMI



Countries ranked by output growth*: December

Ireland	60.2	21-month high
France	59.6 (flash: 60.0)	2-month low
Germany	58.9 (flash: 58.7)	80-month high
Italy	56.5	8-month high
Spain	55.4	3-month high

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

rose to its best since September, after strengthening to a joint-record high in Germany and three-month highs in France, Spain and Ireland.

Rising new order intakes and an associated accumulation of backlogs of work encouraged firms to take on additional staff in December. The pace of job creation matched November and was the joint-highest seen during the past 17 years. Employment increased in Germany, France, Italy, Spain and Ireland.

Upward price pressures abated slightly in December, with rates of increase in input costs and output charges both easing for the first time in five months. The pace of inflation signalled for each price measure remained strong relative to their long-run trends, however, and among the steepest seen over the past six-and-a-half years.

Services

Eurozone service sector business activity rose at the quickest pace for 80 months in December, underpinned by the steepest increase in new work for over a decade. At 56.6 in December, up from 56.2 in November, the final **IHS Markit Eurozone PMI[®] Services Business Activity Index** posted above the earlier flash estimate of 56.5.

Output growth accelerated in Germany (24-month high), Italy (five-month high), Spain (two-month high) and Ireland (eight-month high), but slowed slightly in France. That said, the rate of expansion in France was only slightly below November's six-and-a-half year record high.

Companies mainly attributed higher activity and stronger new order intakes to improved economic conditions. Inflows of new work remained sufficiently robust to test capacity, leading to a further rise in work-in-hand at eurozone service providers. Outstanding business expanded for the nineteenth successive month, albeit at a weaker pace than in November.

The rate of job creation subsequently remained elevated, matching the previous survey's decade-high. Staffing levels were raised in each of the nations covered, expanding at accelerated rates in Germany, Italy and Ireland.

Input price pressures increased in December, with the rate of cost inflation the highest for six-and-a-half years. Part of the rise was passed on to clients in the form of higher service charges. However, the pace of output price inflation eased for the first time in six months. Increases in charges were signalled in almost all of the nations covered, the exception being Italy.

Firms held a positive outlook towards output growth in 2018. The degree of positive sentiment rose to a three-month high and remained strong overall. Business confidence improved in Germany, France, Spain and Ireland, but moderated in Italy.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"A stellar end to 2017 for the eurozone rounded off the best year for over a decade, continuing to confound widely-held fears that rising political uncertainty would curb economic growth. At 56.4, the average PMI reading for 2017 was the highest annual trend since 2006. Manufacturing is enjoying its best growth spell since data were first collected over two decades ago while the service sector closed off its best year since 2007.

"The survey data are consistent with the quarterly rate of GDP growth accelerating to an impressive 0.8% in Q4, with no sign of momentum being lost as we move into 2018. New work is flowing to companies at a rate not seen for a decade and backlogs of uncompleted work are rising sharply. Hiring is consequently at a 17-year high as firms look to boost capacity to meet rising workloads. Optimism about the outlook also turned higher in December.

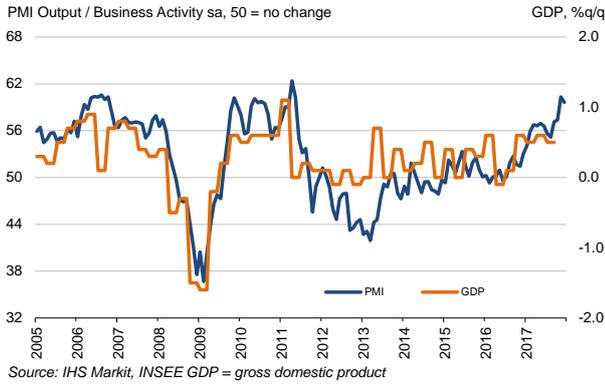
"While not accelerating in December, price pressures are running at the highest for over six years as solidifying demand nurtures improved pricing power. Based on past experience, the extent to which demand appears to be outstripping supply for many goods and services suggests that inflationary pressures could continue to build in the coming months. A big question for 2018 will therefore be whether relatively high unemployment and spare capacity in many countries will continue to hold down pay growth and keep a ceiling on consumer price inflation; a reminder that many wounds from the global financial crisis and the region's sovereign debt crisis are still healing."

-Ends-

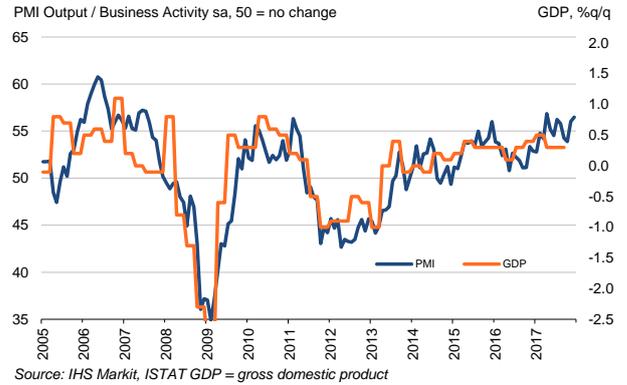
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

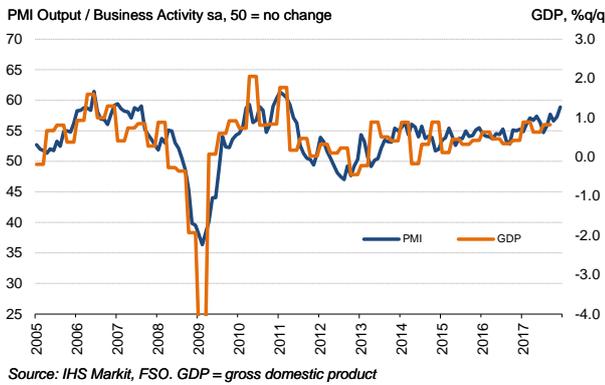
France



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 December composite flash was based on 86% of the replies used in the final data. The December services flash was based on 78% of the replies used in the final data. **Data were collected 5-18 December.**

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

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