

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) June 23 2017**

## IHS Markit Flash Eurozone PMI<sup>®</sup>

### Eurozone enjoys best quarter for six years despite growth slowing in June

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 55.7 (56.8 in May). 5-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 54.7 (56.3 in May). 5-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 58.5 (58.3 in May). 74-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 57.3 (57.0 in May). 74-month high.

Data collected June 12-22

A further solid rise in business activity in June rounded off the strongest quarter of economic expansion for over six years, according to flash PMI<sup>®</sup> survey data.

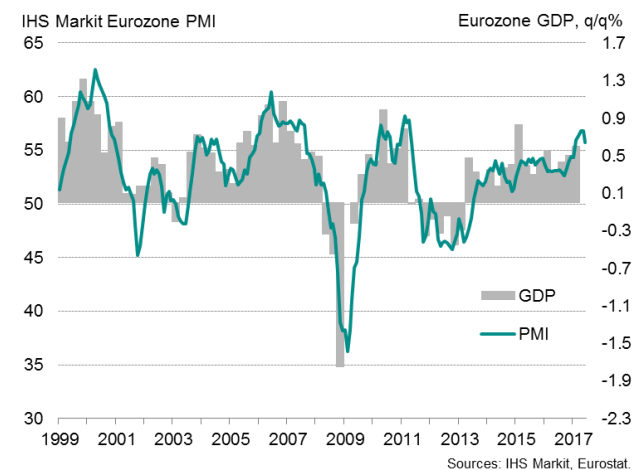
Although the rate of growth waned to a five-month low, high order book inflows and elevated levels of business confidence meant job creation remained one of the strongest recorded over the past decade as firms continued to expand capacity to meet rising demand. Price pressures eased, however, largely reflecting lower global commodity prices.

The headline IHS Markit Eurozone PMI fell from a joint six-year high of 56.8 in May to a five-month low of 55.7 in June, according to the preliminary 'flash' estimate (based on approximately 85% of final replies).

However, at 56.4, the average PMI reading for the second quarter was above the reading of 55.6 seen in the first three months of the year and was the highest since the first quarter of 2011.

While the June survey showed manufacturing output rising at the steepest rate since April 2011, service sector growth waned to a five-month low, albeit still remaining robust to indicate a broad-based upturn.

#### IHS Markit Eurozone PMI and GDP



Overall new order growth eased to the slowest in four months, reflecting weaker inflows of new business into the service sector. In contrast, factories reported the highest influx of new orders since February 2011, in part due to strong export sales. Overall exports (including intra-regional trade) continued to rise at one of the fastest rates seen over the past six years, buoyed by strengthening demand in key sales markets and recent euro weakness.

Companies continued to report rising backlogs of work, which in turn encouraged the recruitment of extra staff at a rate unchanged on May, which was one of the highest seen over the past ten years. Manufacturing employment growth was just shy of the two-decade high seen in May. The service sector meanwhile continued to enjoy its best spell of employment growth since early-2008.

The strong jobs growth was also a reflection of ongoing elevated levels of optimism about future growth, with optimists continuing to exceed pessimists, albeit to the lowest degree for five

months. A moderation in service sector confidence about the year ahead contrasted with manufacturing optimism hitting a new high.

Despite signs of capacity being strained, average prices charged for goods and services rose at the slowest rate for five months. Price pressures were cooled by slower growth of costs. Input cost inflation dipped to a seven-month low, easing especially markedly in the manufacturing sector due to lower prices for many commodities, notably oil. However, with supplier delivery delays worsening to the greatest extent for just over six years, the survey suggests that inflationary pressures persist in supply chains.

### Slower growth in France and Germany

Slower growth was recorded in both France and Germany, down to five- and four-month lows respectively, largely reflecting weaker rates of service sector expansion. Headline PMI readings for manufacturing were the second-highest since April 2011 in both countries. Both nations nevertheless continued to record strong overall rates of expansion, with second quarter composite PMI averages above those seen in the opening quarter of 2017. There was greater variation in labour market trends: while jobs growth in Germany slipped to a six-month low, employment rose in France at the steepest pace since July 2007.

Growth eased across the rest of the single currency area for a second successive month, but the performances in terms of both business activity and hiring remained among the best seen over the past ten years.

### Comment

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

*“Although the PMI data point to some loss of growth momentum in June, the latest reading needs to be looked at in the context of recent elevated levels. Despite the June dip, the average expansion in the second quarter has been the strongest for over six years and is historically consistent with GDP growth accelerating from 0.6% in the first quarter to 0.7%.*

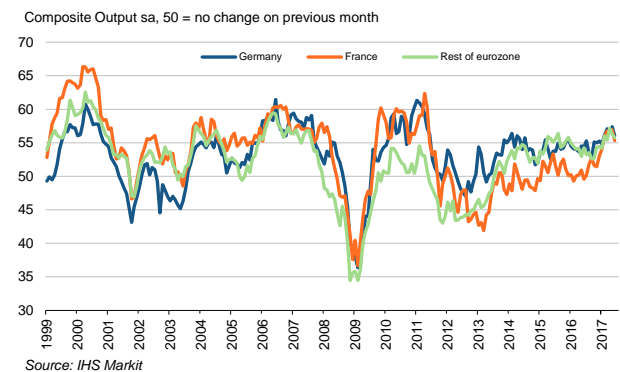
*“The upturn is also broad-based, with the surveys signalling an acceleration of GDP growth in both France and Germany in the second quarter, as well as across the rest of the region as a whole, albeit with some loss of momentum seen across the board in June.*

*“Job creation continued to run at one of the highest rates seen over the past decade as firms expanded capacity to meet demand. Factory jobs growth remained particularly buoyant, thanks in part to production requirements surging higher on the back of rising exports.*

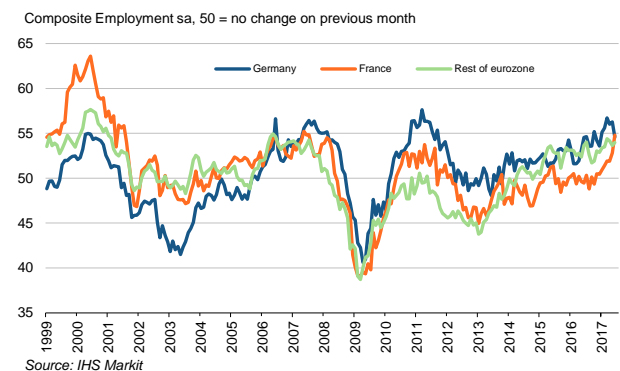
*“Despite the rise in employment, the surveys found some evidence of growth being constrained, especially in manufacturing, where supply delays have spiked to the highest in six years in recent months. However, with prices for many globally-traded commodities falling, notably oil, price pressures continued to ease in June.”*

-Ends-

### Core v. Periphery PMI Output Indices



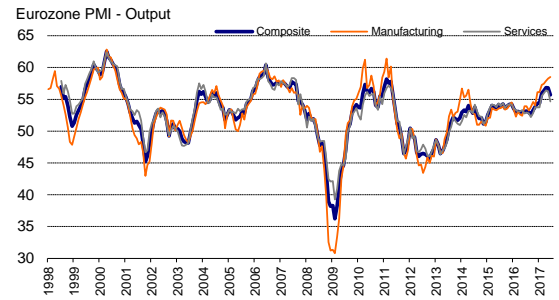
### Core v. Periphery PMI Employment Indices



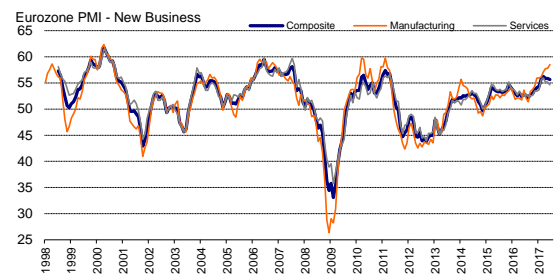
Summary of June data

<b>Output</b>	<b>Composite</b>	<b>Rate of expansion eases, but remains marked.</b>
	Services	Slower increase in services activity.
	Manufacturing	Production growth at 74-month high.
<b>New Orders</b>	<b>Composite</b>	<b>New business continues to rise sharply.</b>
	Services	Further solid increase in services new business.
	Manufacturing	Fastest rise in new orders since February 2011.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Solid increase in outstanding business.</b>
	Services	Work-in-hand rises modestly.
	Manufacturing	Rate of backlog accumulation at 86-month high.
<b>Employment</b>	<b>Composite</b>	<b>Jobs growth unchanged.</b>
	Services	Further solid increase in employment.
	Manufacturing	Sharp rise in manufacturing staffing levels.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation at seven-month low.</b>
	Services	Cost burdens rise at weakest pace since last November.
	Manufacturing	Cost inflation eases for fourth month running.
<b>Output Prices</b>	<b>Composite</b>	<b>Slowest rise in charges since January.</b>
	Services	Slight increase in prices charged.
	Manufacturing	Selling price inflation remains solid.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI at 74-month high of 57.3.

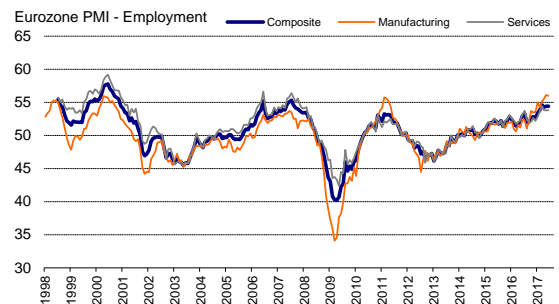
Output



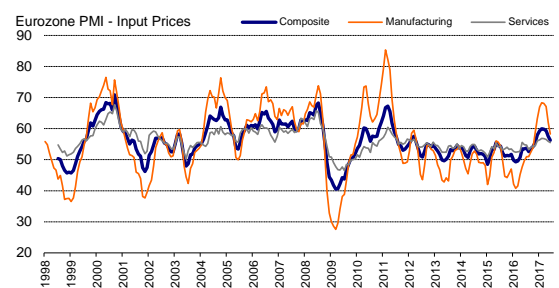
New business



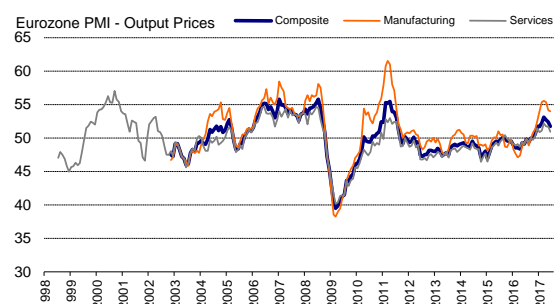
Employment



Input prices



Output prices



Source: IHS Markit.

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**Note to Editors:**

Final June data are published on July 3 for manufacturing and July 5 for services and composite indicators.

The Eurozone *PMI<sup>®</sup>* (*Purchasing Managers' Index<sup>®</sup>*) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Composite Output Index <sup>1</sup>	0.0	0.2
Eurozone Manufacturing <i>PMI</i> <sup>3</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.0	0.3

The *Purchasing Managers' Index<sup>®</sup>* (*PMI<sup>®</sup>*) 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<sup>®</sup>* 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](mailto:economics@ihsmarkit.com).

**Notes**

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

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