

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) April 21 2017**

## Markit Flash Eurozone PMI®

### Eurozone PMI hits fresh six-year high to signal strong start to second quarter

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 56.7 (56.4 in March). 72-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 56.2 (56.0 in March). 72-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 58.0 (57.5 in March). 72-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 56.8 (56.2 in March). 72-month high.

Data collected April 11-20

Eurozone economic growth hit a fresh six-year high in April, according to *PMI*® survey data. Job creation also rose to the highest for almost a decade as firms boosted operating capacity in line with buoyant demand and widespread optimism about future prospects. Price pressures meanwhile remained among the strongest seen over the past six years.

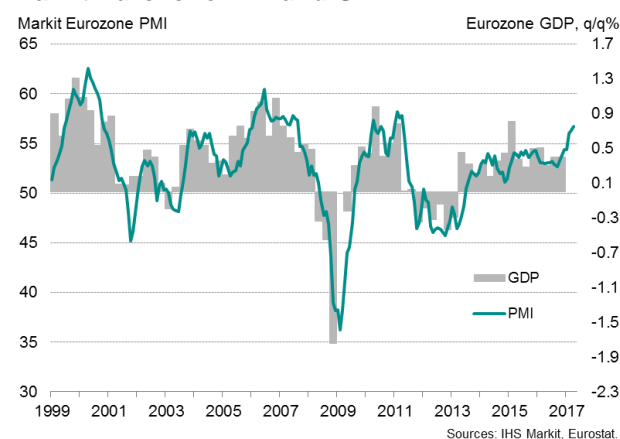
The Markit Eurozone PMI rose to 56.7 in April, according to the preliminary 'flash' estimate (based on approximately 85% of final replies). Up from 56.4 in March, the latest reading was the highest since April 2011.

Growth rates of incoming new business and backlogs of uncompleted work both remained close to March's peak to register the second-strongest monthly improvements in six years.

The strength of demand helped to sustain buoyant levels of business optimism about the year ahead, with expectations of future activity levels moderating only slightly from March's peak (which had been the highest since comparable data were first available in 2012).

The positive business mood and strong order book situation in turn prompted firms to take on extra staff at the fastest rate since July 2007.

#### Markit Eurozone PMI and GDP



#### Faster manufacturing and services growth

Growth accelerated in both manufacturing and services to the highest since April 2011. The former once again recorded the faster pace of expansion. Job creation likewise remained strong in both sectors, with manufacturing employment rising at a rate not seen since 2000.

However, while new order growth in manufacturing hit the strongest since March 2011, buoyed by the largest export gain since April 2011, growth of service sector new business inflows waned slightly. Similarly, while optimism about the outlook rose to a joint-record high in the goods-producing sector, confidence dipped to a three-month low in services, albeit remaining buoyant by historical standards.

#### Elevated price pressures

Price pressures meanwhile remained elevated. Input cost inflation revived to match February's near six-year peak, while average prices charged for goods and services rose at a rate only marginally lower than March's near six-year high.

Cost increases were again widely blamed on rising global commodity prices, exacerbated by import

costs being lifted higher by the weak euro. Supply chains also continued to tighten, signalling a growing trend towards a sellers' market for many items. Suppliers' delivery times lengthened to the greatest extent for nearly six years. Evidence of rising wage pressures also continued to be seen.

### German slowdown offset by stronger growth in rest of region

By country, faster business activity growth in France – the strongest seen since May 2011 – was offset by a moderation in Germany, albeit with the pace of German expansion still running at one of the fastest seen over the past six years. Elsewhere, growth of output accelerated to the strongest since July 2007.

### Comment

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

*“The eurozone economy has enjoyed a strong start to the second quarter. The April flash PMI is running at a level consistent with 0.7% GDP growth, up from 0.6% in the first quarter. Such strong growth, if sustained, will inevitably lead to upward revisions to economists’ 2017 forecasts.*

*“Robust rates of expansion are being seen in both manufacturing and services, the former clearly benefitting from the weak euro, which has helped drive export sales growth to a six-year high.*

*“Rising employment is also benefitting the service sector in particular via higher consumer confidence and spending. Employment growth has accelerated to the best seen for nearly a decade.*

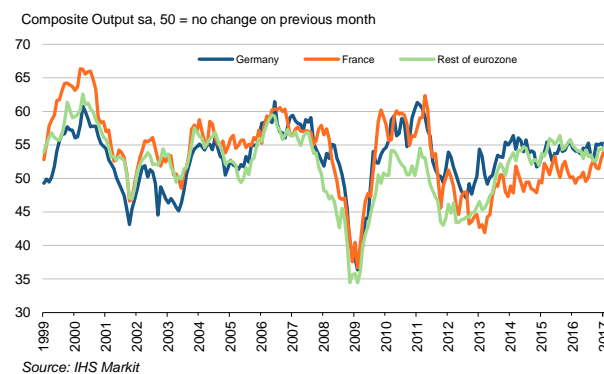
*“France’s elections pose the highest near-term risk to the outlook, but in the lead-up to the vote the business mood has clearly been buoyant. Growth in*

*France has risen above that seen in Germany amid rising optimism about the future. Both countries are enjoying their best growth spells for six years, while elsewhere in the region the pace of expansion has accelerated to a near ten-year high, cementing the increasingly broad-based nature of the upturn.*

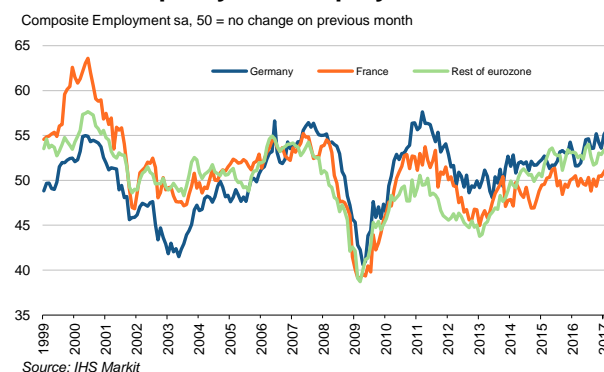
*“The survey’s price measures remain elevated at the highest for around six years and suggest that we will see renewed upward pressure on consumer prices in coming months.”*

-Ends-

### Core v. Periphery PMI Output Indices



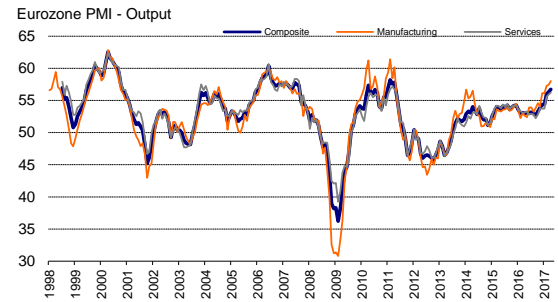
### Core v. Periphery PMI Employment Indices



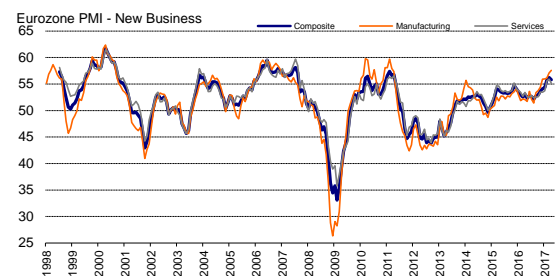
## Summary of April data

<b>Output</b>	<b>Composite</b>	<b>Output growth at six-year high.</b>
	Services	Sharpest rise in services activity for 72 months.
	Manufacturing	Production growth accelerates.
<b>New Orders</b>	<b>Composite</b>	<b>New orders continue to rise sharply.</b>
	Services	Further growth of new business, albeit at weaker pace.
	Manufacturing	Fastest increase in manufacturing new work since March 2011.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs rise at slightly weaker pace.</b>
	Services	Solid increase in services outstanding business.
	Manufacturing	Marked accumulation in manufacturing backlogs.
<b>Employment</b>	<b>Composite</b>	<b>Fastest job creation since July 2007.</b>
	Services	Further solid rise in services staffing levels.
	Manufacturing	Strongest increase in manufacturing employment in almost 17 years.
<b>Input Prices</b>	<b>Composite</b>	<b>Cost inflation remains sharp in April.</b>
	Services	Services input prices rise at fastest pace since June 2011.
	Manufacturing	Manufacturing cost inflation eases slightly.
<b>Output Prices</b>	<b>Composite</b>	<b>Prices charged increase solidly.</b>
	Services	Modest rise in output prices.
	Manufacturing	Rate of charge inflation unchanged from March's 69-month high.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI at six-year high of 56.8.

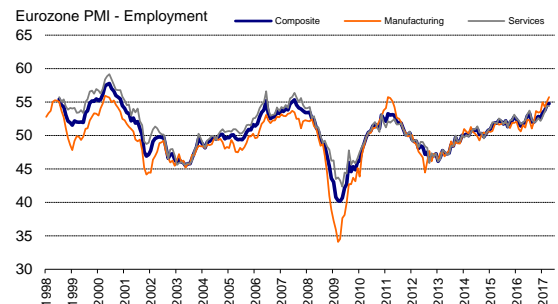
## Output



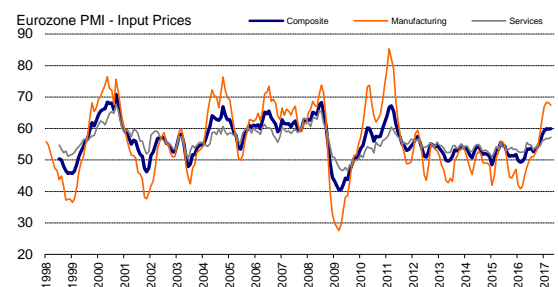
## New business



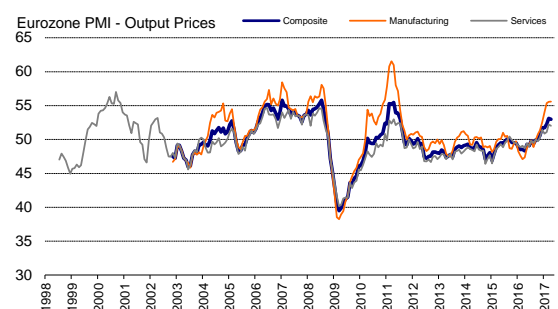
## Employment



## Input prices



## Output prices



Source: IHS Markit.

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**Note to Editors:**

Final April data are published on May 2 for manufacturing and May 4 for services and composite indicators.

The Eurozone *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by 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.

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](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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Purchasing Managers' Index<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for over 30 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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