

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

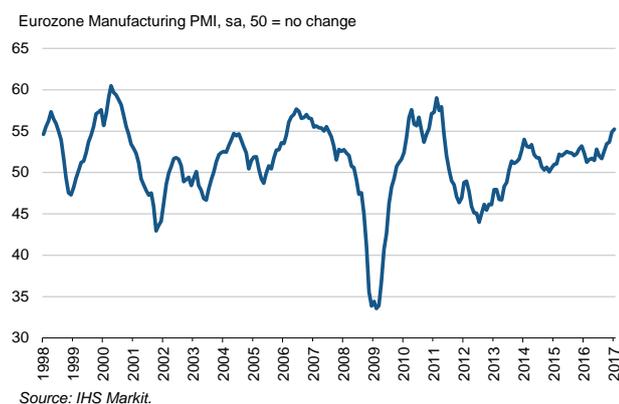
Eurozone Manufacturing PMI hits 69-month high at start of 2017

Key findings:

- Final Eurozone Manufacturing PMI at 55.2 in January (Flash: 55.1, December Final: 54.9)
- Austria, the Netherlands and Germany top growth rankings; downturn in Greece accelerates
- Price pressures intensify

Data collected January 12-24

Markit Eurozone Manufacturing PMI



The start of 2017 saw a marked improvement in business conditions at eurozone manufacturers. Output growth held steady at December's 32-month record, underpinned by the strongest inflows of new business and the fastest job creation since the first half of 2011. Price pressures continued to intensify, however, with rates of inflation in input costs and output charges both gathering pace.

At 55.2 in January, up from 54.9 in December, the final Markit Eurozone Manufacturing PMI® rose to a 69-month high and was above its earlier flash estimate of 55.1. The headline PMI has signalled expansion in each month since July 2013.

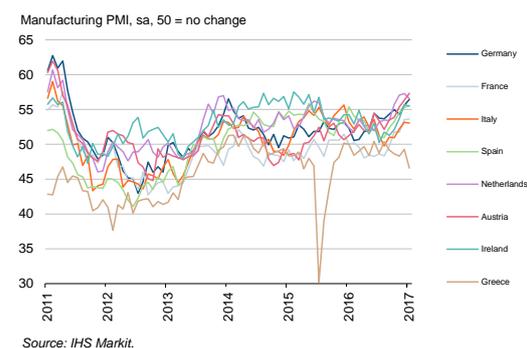
National PMI data signalled that growth was fastest in Austria, the Netherlands and Germany. The rate of improvement in business conditions hit a 70-month

record in Austria, a three-year high in Germany and remained elevated in the Netherlands despite easing to a three-month low. Strong growth was also signalled in Spain (20-month high) and Ireland (2-month low).

The recent improved performance of France continued to gather pace, as highlighted by the French PMI rising to a 68-month high. In contrast, the downturn in Greece accelerated.

Countries ranked by Manufacturing PMI: Jan.

Austria	57.3	70-month high
Netherlands	56.5	3-month low
Germany	56.4 (flash: 56.5)	36-month high
Spain	55.6	20-month high
Ireland	55.5	2-month low
France	53.6 (flash: 53.4)	68-month high
Italy	53.0	2-month low
Greece	46.6	16-month low



January saw euro area manufacturing production rise for the forty-third successive month, supported by higher volumes of total new business and new export orders. The rate of growth in new export business* accelerated to a three-year high, reflecting both the recent depreciation of the euro and signs of improving global market demand.

Germany, Italy, Spain, the Netherlands, Austria and Ireland all registered marked increases in new export work. There was a moderate expansion in France, whereas Greece saw foreign demand contract at the most severe pace since November 2015.

The ongoing expansion of the eurozone manufacturing sector led to further job creation in January. Staffing levels rose for the twenty-ninth successive month and at the fastest pace since April 2011. Jobs growth strengthened across the 'big-four' nations and also the Netherlands, but eased in Ireland and Austria. Greece saw staffing levels cut at the quickest pace since October 2015.

Price pressures continued to intensify at the start of 2017. Cost inflation accelerated to a 68-month record, while average charges rose to the greatest extent in five-and-a-half years.

The increase in input prices was again closely linked to higher import costs resulting from the weaker euro and increased global commodity prices. Vendor price hikes were also often seen as a function of demand exceeding supply. January saw the most widespread delays in vendor lead times since June 2011 amid a further marked increase in purchasing activity.

The January survey also saw the first publication of the recently-launched Future Output Index, based on a question asking if companies expect production to be higher, the same or lower in 12 months' time. The index came in slightly above its earlier flash estimate and signalled that business optimism hit its highest level since the start of the time series history in July 2012.

National data – which are available for all of the nations covered by the survey – indicated that manufacturers' optimism improved in five member states (Germany, France, Italy, Spain and the Netherlands) and dimmed in three (Austria, Ireland and Greece).

Comment

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

“Eurozone manufacturing is off to a strong start to the year, enjoying the fastest rate of expansion for almost six years in January.

“Rates of growth of new orders, exports and employment have all hit multi-year highs, with the depreciation of the euro playing a key role in helping drive new sales in export markets.*

“Optimism about the year ahead has risen to the highest since the region’s debt crisis, suggesting companies are maintaining a buoyant mood despite the heightened political uncertainty caused by Brexit and looming general elections in the Netherlands, France and Germany.

“Inflationary pressures are also picking up. Much of the increase in costs and prices can be linked to the weakened exchange rate and higher global commodity prices. However, there are also signs of demand running ahead of supply, which hints at a tentative build-up of core inflationary pressures.

“If current growth of manufacturing activity and the associated rise in prices is sustained, rhetoric at the ECB is likely to become more hawkish, albeit tempered with caution over the potential for political developments to cloud the outlook.”

-Ends-

* Including intra-eurozone trade

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by 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 January 2017 flash was based on 88% 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 <i>PMI</i> [®]	0.0	0.2

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

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