

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

Eurozone PMI at eight-month low amid broad-based growth slowdown

Key findings:

- Final Eurozone Manufacturing PMI at 56.6 in March (Flash: 56.6, February Final: 58.6)
- Broad growth slowdown seen across all nations and manufacturing sub-sectors
- Increased signs of supply chain constraints reining in output growth and raising input prices

Data collected March 12-22

IHS Markit Eurozone Manufacturing PMI



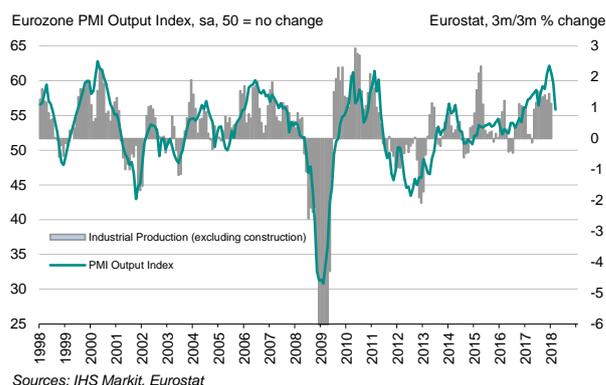
Eurozone manufacturing operating conditions improved to the least marked extent in eight months during March, as the sector continued its post turn of the year slowdown. Rates of expansion eased across all of the nations covered by the latest PMI surveys and across the consumer, intermediate and investment goods industries.

The final IHS Markit Eurozone Manufacturing PMI® posted 56.6 in March, unchanged from the earlier flash estimate and down further from December's series-record high. The latest reading and the average over the first quarter as a whole (58.2) both remained indicative of solid growth nonetheless.

The Netherlands, Germany and Austria were the strongest performers overall. All of the other nations covered by the survey also saw solid rates of growth

Countries ranked by Manufacturing PMI: Mar.

Netherlands	61.5	5-month low
Germany	58.2 (flash: 58.4)	8-month low
Austria	58.0	10-month low
Italy	55.1	8-month low
Greece	55.0	3-month low
Spain	54.8	6-month low
Ireland	54.1	12-month low
France	53.7 (flash: 53.6)	12-month low



in March. The weakest increases were signalled in France and Ireland.

The further easing in the headline PMI mainly reflected slower growth of manufacturing production and incoming new business, both of which rose to the lowest extents since November 2016. Growth in new export business* (which is not a component of the headline PMI) slipped to a 15-month low.

The breadth of the upturns in output, new orders and new export business was as wide as their slowdowns during March, as all of the countries covered recorded sustained growth in each, albeit at slower rates than in recent months. In some Northern nations, this was partly driven by bad weather.

There were also signs that capacity constraints deriving from the recent growth spurt were impacting

on production growth in March. Recent lengthening in suppliers' delivery times has been among the greatest in the survey history, leading to widespread reports of raw material shortages and supply delays. This trend was especially noticeable in the Netherlands and Germany, both of which saw record lengthening in vendor lead times.

Backlogs of work at euro area manufacturers also increased during March, taking the current sequence of expansion to almost three years. Companies reacted to the sustained pressure on their capacity by raising employment. Jobs growth was signalled for the forty-third straight month, although the pace of increase eased to a seven-month low.

Job creation was recorded in all of the nations covered by the survey in March, with the steepest rises seen in the Netherlands, Austria and Germany. However, in line with the trend in production, rates of expansion eased across all countries.

Input price inflation remained marked in March, despite easing to a six-month low. Higher costs were driven, at least in part, by supply-chain constraints. Average selling prices also continued to rise at a solid clip, albeit the slowest in the year so far, as companies passed on the rise in purchasing costs. There were also reports that the ongoing upturn in demand was leading to improved pricing power.

Sentiment among euro area manufacturers regarding future output softened in March to a 15-month low, but remained strongly positive overall. Only Greece signalled an improvement in optimism during the latest survey month.

Comment

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

"March saw the biggest fall in the manufacturing PMI since June 2011 and the third successive slowing in the pace of expansion.

"We should not be too worried by the fall in the PMI as some moderation in the pace of growth from the surge seen at the turn of the year was inevitable, not least because short-term capacity constraints limit the economy's ability to grow so quickly for long periods. This has been clearly evident in the recent lengthening of supply delivery times. Some of the slowdown has also been attributable to temporary factors such as bad weather.

"However, the fact that business optimism about the coming year has slipped to a 15-month low suggests there are other factors that are now hitting factory order books. Export growth has more than halved since late last year, linked in part to the appreciation of the euro, and in some cases demand is being stymied by higher prices.

"The overall pace of growth nevertheless remains robust by historical standards, with decent PMI readings seen in all countries, including Greece, to indicate a steady, broad-based expansion. Manufacturing should therefore make another substantial contribution to GDP growth in the first quarter, and the presence of sustained inflationary pressures will be welcomed by policymakers."

-Ends-

* Includes intra-eurozone trade.

For further information, please contact:

Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@ihsmarkit.com

Rob Dobson, Director, Economics
Telephone +44-1491-461-095
Mobile +44-7826-913-863
Email rob.dobson@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@ihsmarkit.com

Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS 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 March 2018 flash was based on 93% 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.

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

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