

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

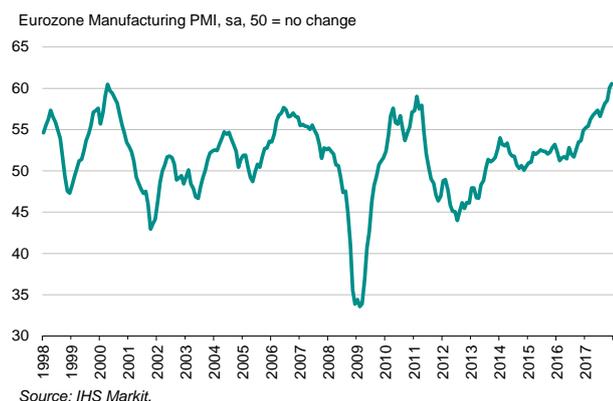
Eurozone Manufacturing PMI ends 2017 at series-record high

Key findings:

- Final Eurozone Manufacturing PMI at 60.6 in December (Flash: 60.6, November Final: 60.1)
- PMI readings at or close to record levels in Germany, Netherlands, Austria and Ireland
- Business optimism hits series-record high

Data collected December 5-14

IHS Markit Eurozone Manufacturing PMI



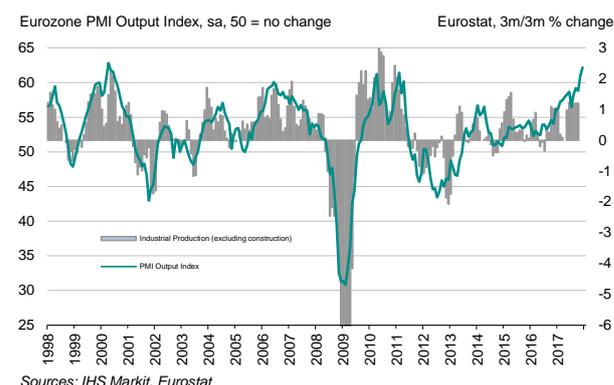
The eurozone manufacturing sector ended 2017 on a high note. Strong rates of expansion in output, new orders and employment pushed the final IHS Markit Eurozone Manufacturing PMI[®] to 60.6 in December, its best level since the survey began in mid-1997. The PMI was up from 60.1 in November and identical to the earlier flash estimate.

The expansion was led by the investment goods sector, where the pace of growth signalled by the PMI was also a record high. The rate of improvement in the intermediate goods sector remained close to November's survey-record. Growth was slower in the consumer goods sector by comparison, but remained solid and well above its long-run trend.

National data signalled further broad-based growth, with business conditions improving across all of the

Countries ranked by Manufacturing PMI: Dec.

Austria	64.3	Record high
Germany	63.3 (flash: 63.3)	Record high
Netherlands	62.2	2-month low
Ireland	59.1	Record high
France	58.8 (flash: 59.3)	207-month high
Italy	57.4	3-month low
Spain	55.8	2-month low
Greece	53.1	114-month high



countries covered. PMI readings were at survey-record highs in Austria, Germany and Ireland, and remained close to November's series peak in the Netherlands. Rates of expansion in France and Greece were the fastest for over 17 and nine years respectively. Growth also remained robust, albeit slower, in Italy and Spain.

Underpinning the strong headline PMI were near-record increases in euro area manufacturing output and new orders, both of which rose to the greatest extents since April 2000. Domestic market conditions remained robust, while growth of new export business was only a tick below November's survey high. New export orders rose at, or close to, record rates in Austria, Germany and the Netherlands and remained solid in of the all other nations covered.

The outlook for the eurozone manufacturing sector remained positive at the end of 2017. Business

optimism rose to its highest level since the series began in July 2012. Confidence improved in almost all of the nations covered (the exceptions being Italy and the Netherlands) and was at (in the cases of France, Austria and Greece) or near to (Germany) record highs in several countries.

Robust intakes of new business tested capacity, leading to a further marked increase in backlogs of work. Outstanding business increased at the sharpest pace in the series history, led by marked gains in Germany, France and Austria. This in turn supported a joint-survey record increase in euro area manufacturing employment.

Jobs growth accelerated in four of the nations covered by the survey – France, the Netherlands, Austria and Ireland. The latter three all saw series-record increases, while job creation in France was at a 206-month high. Germany, meanwhile, saw staffing levels rise at one of the quickest rates on record.

December saw rates of inflation in output prices and input costs remain elevated, despite slowing slightly since November. Part of the increase in purchase prices reflected ongoing supply chain pressures, with average vendor lead times lengthening to one of the greatest extents on record.

All of the nations covered reported increases in input costs, among which Austria, Ireland and Greece saw stronger rates of inflation. Only Greece reported a decrease in selling prices during December, while Ireland was the only nation to register a faster rate of increase compared to the prior month.

Comment

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

“The eurozone manufacturing boom gained further momentum in December, rounding off the best year on record and setting the scene for a strong start to 2018. The final PMI was in line with the earlier flash number, confirming a record monthly improvement in business conditions at the end of 2017. Forward-looking indicators bode well for the New Year: new orders rose at a near-record pace, while purchasing growth hit a new peak as firms readied themselves for higher production. Meanwhile, job creation was maintained at November’s record pace.”

“Perhaps most encouraging of all is the extent to which the strongest upturn is being recorded for producers of investment goods such as plant and machinery, which highlights the upswing in business investment. Higher investment should help boost productivity and profits, and therefore enhance the sustainability of the upturn.”

“The average PMI reading for 2017 is the highest annual trend in the survey’s two-decade history, with eurozone countries dominating the worldwide PMI growth rankings for much of 2017. Record years were seen in Germany, Austria, the Netherlands and Ireland, while Italy and France had their best annual performances since 2000. Spanish manufacturing had its best year since 2006, while Greece saw the strongest performance since 2008.”

“The growth spurt means many forecasters, notably the ECB, have revised their euro area growth projections for 2018 higher. The missing element has been sustained higher inflation, but the near-record incidences of supply chain delays seen towards the end of 2017 indicate that pricing power is shifting from the buyer to the seller, suggesting upward price pressures are gradually returning.”

-Ends-

* Including intra-eurozone trade

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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 December 2017 flash was based on 91% 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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