

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) April 5th 2018

IHS Markit Eurozone Composite PMI[®] – final data

Includes IHS Markit Eurozone Services PMI[®]

Eurozone economic growth slows further in March

Key findings:

- Final Eurozone Composite Output Index: **55.2** (Flash: 55.3, February Final: 57.1)
- Final Eurozone Services Business Activity Index: **54.9** (Flash: 55.0, February Final: 56.2)

Data collected March 12-26

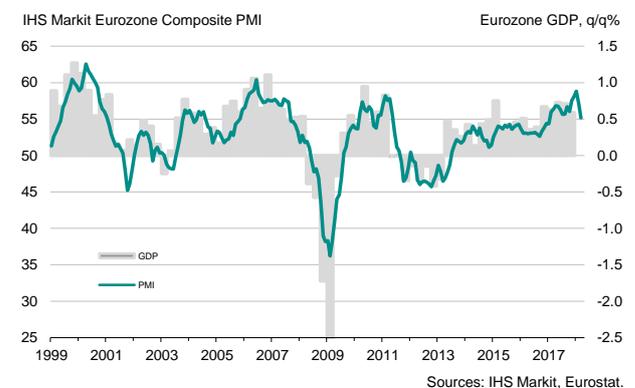
March saw eurozone economic activity expand at the weakest pace since the start of 2017, as rates of increase moderated in both the manufacturing and service sectors. The slowing signalled by the latest PMI data reflected a combination of a mild deceleration in new order growth, bad weather in some northern regions and supply-chain constraints resulting from the recent growth spurt.

The final **IHS Markit Eurozone PMI[®] Composite Output Index** posted 55.2 in March, down from 57.1 in February and below the earlier flash estimate of 55.3. The headline index has nonetheless signalled expansion in each of the past 57 months. Manufacturing production rose to the lowest extent since November 2016, whereas service sector business activity increased at the weakest pace since August last year.

National PMI data indicated that the upturn remained broad-based in nature, with output expanding in all of the countries covered. However, signs of a growth slowdown were also widespread, with the 'big-four' nations and Ireland all seeing moderations during the latest survey month.

March saw the level of incoming new business rise at the weakest pace for 14 months, with slower increases signalled in Germany, France, Italy and Ireland. The pace of expansion held steady in Spain. Growth in new orders remained sufficient to test capacity, however, as indicated by a further solid increase in backlogs of work.

IHS Markit Eurozone Composite PMI



Countries ranked by output growth*: March

France	56.3 (flash: 56.2)	7-month low
Spain	55.8	3-month low
Germany	55.1 (flash: 55.4)	8-month low
Ireland	53.7	57-month low
Italy	53.5	14-month low

* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release.

Companies responded to the increase in outstanding business by raising employment for the forty-first consecutive month during March. Jobs growth remained among the best seen over the past decade, despite easing to its weakest since last September. Rates of increase moderated in all of the nations covered except Spain.

Job creation was also underpinned by solid business optimism in March, with manufacturers and service providers both maintaining positive outlooks for the coming 12 months. Although the combined degree of confidence dipped to a four-month low, it stayed well above its post-financial crisis average.

Price pressures moderated in March. Output charge inflation eased to a three-month low, while costs increased at the slowest pace since last September.

Services

Eurozone service sector activity expanded at the slowest pace in seven months during March, as growth in new business also moderated. The outlook remained positive though, with employment and backlogs of work rising and business optimism remaining above its long-run trend level.

The final **IHS Markit Eurozone PMI[®] Services Business Activity Index** fell to 54.9 in March, down from 56.2 in February and the earlier flash estimate of 55.0. Although the average index reading over the opening quarter as a whole was the highest for seven years, the recent growth slowdown suggests that the upturn has lost impetus since the turn of the year. Expansion has been signalled in each of the past 56 months.

Output growth slowed across all of the nations covered by the survey. France (seven-month low), Ireland (four-month low) and Spain (three-month low) registered the steepest rates of expansion. Growth was comparatively moderate in Germany (seven-month low) and Italy (five-month low).

The level of new business received continued to rise at a solid pace in March, albeit the weakest since last August. New order inflows remained sufficient to test capacity, as signalled by backlogs of work rising to one of the greatest extents in the past seven years. This in turn encouraged firms to increase employment, with jobs growth recorded for the forty-first month in a row.

Although the pace of increase in staffing levels eased to a six-month low during March, recent jobs growth has remained among the best seen over the past decade. Increased employment was signalled across the nations covered by the survey, but Spain was the only one to see a faster expansion (an 11-year high) than in February.

Price pressures moderated in March, with rates of increase in output charges and input costs both slowing. That said, almost all of the nations reported higher input and output prices during the month, the sole exception being a slight decrease in output charges at Italian service providers.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“The eurozone economy came off the boil in March, though continued to run hot. Although the final PMI numbers showed the weakest rise in business activity since the start of last year, adding to signs that the growth spurt has peaked, the surveys are still indicative of the economy growing at an impressive 0.6% quarterly rate in March, down from a clearly unsustainably rapid 0.8-0.9% rate around the start of the year.”

“Some pull-back from the elevated level of the PMI at the start of the year was always highly likely, and it’s important to note that the slowdown generally represents a reduction in the number of companies reporting month-on-month improvements in business activity, as opposed to a rise in the number of companies reporting a deterioration in business conditions.”

“Some of the loss in growth momentum also appears to have been the result of temporary factors, such as bad weather and short-term capacity constraints, notably shortages of supplies and labour. Some reversal of these impediments should therefore hopefully help boost growth in April.”

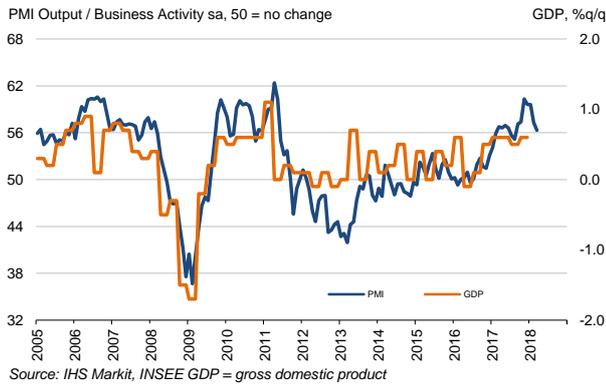
“Gauging the true extent of any slowdown is consequently difficult due to the disruptions to business from bad weather in recent months. April’s PMI data will therefore be particularly important in ascertaining true underlying growth momentum and in providing a steer on the likely timing of any ECB policy changes.”

-Ends-

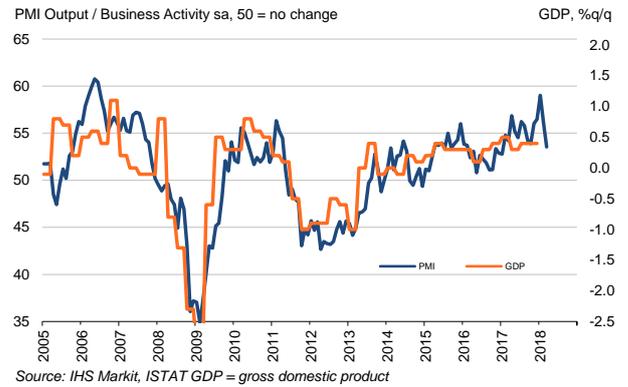
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year’s time to be higher, the same or lower than the current month.

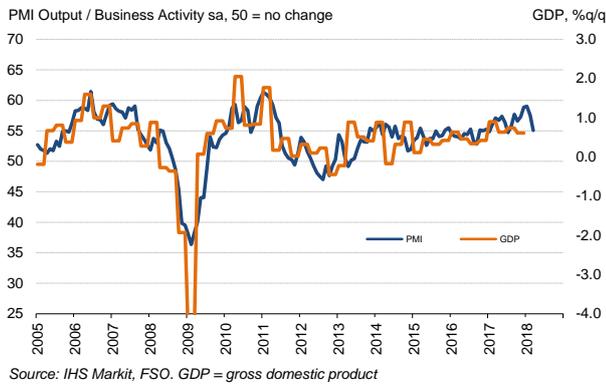
France



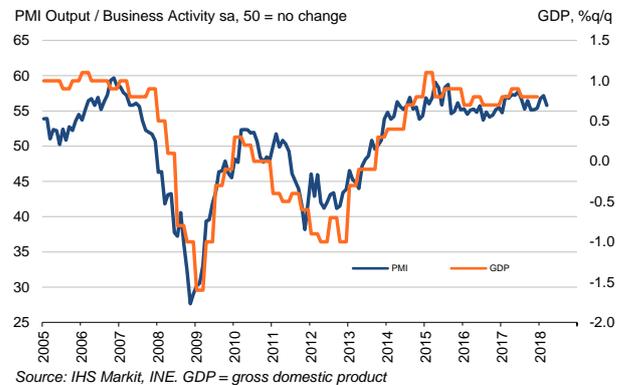
Italy



Germany



Spain



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Note to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. 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 Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 78% of eurozone private sector services output.

The final Eurozone Composite *PMI* and Services *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The March composite flash was based on 88% of the replies used in the final data. The March services flash was based on 81% of the replies used in the final data. **Data were collected 12-26 March.**

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 <i>PMI</i>	0.0	0.2
Eurozone Services Business Activity <i>PMI</i>	0.0	0.3

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

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Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 40 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 <https://ihsmarkit.com/products/pmi.html>.

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