

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) March 3rd 2017

Markit Eurozone Composite PMI® – final data

Includes Markit Eurozone Services PMI®

Eurozone economic growth near six-year high as rates of expansion accelerate across 'big-four' nations

Key findings:

- Final Eurozone Composite Output Index: **56.0** (Flash: 56.0, January Final: 54.4)
- Final Eurozone Services Business Activity Index: **55.5** (Flash: 55.6, January Final: 53.7)

Data collected February 10-23

Growth of eurozone economic output accelerated to a near six-year record in February. At 56.0, up from 54.4 in January, the final **Markit Eurozone PMI® Composite Output Index** rose to a 70-month high and was unchanged from the earlier flash estimate.

Output growth was led by the manufacturing sector. Improved inflows of total new orders and new export business drove the rate of expansion in manufacturing production to its highest since April 2011. Growth momentum also strengthened in the service sector, with business activity rising to the greatest extent for over five-and-a-half years.

National data signalled that Ireland remained at the top of the Composite PMI output growth rankings. This was despite being the only nation to see its rate of expansion moderate since January. All of the 'big-four' economies reported stronger increases in output. Growth hit an 18-month high in Spain, a 34-month high in Germany, a 69-month peak in France and was the sharpest since December 2015 in Italy.

Stronger growth of output and new orders had a positive impact on business confidence[†], which rose to a new series-record high. Companies indicated that they expect economic and market conditions to improve further over the coming 12 months. Levels of optimism increased in Germany, France, Italy and Ireland, but eased slightly in Spain.

Faster growth of incoming new orders led to a

Markit Eurozone Composite PMI



Countries ranked by output growth*: February

Ireland	57.8	3-month low
Spain	57.0	18-month high
Germany	56.1 (flash: 56.1)	34-month high
France	55.9 (flash: 56.2)	69-month high
Italy	54.8	14-month high

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

further accumulation of backlogs of work at eurozone manufacturers and service providers alike. This encouraged job creation in both sectors, taking the combined rate of increase in employment to its highest in over nine years.

Staffing levels were raised at accelerated rates in Germany, France and Italy. Although Spain and Ireland saw jobs growth ease since January, the pace of increase remained above the euro area average in both nations.

Cost inflation rose to a 69-month record in February, mainly due to higher purchase prices, the weak euro exchange rate and increased staff costs. Rising input costs were commonly passed on to clients, as selling prices increased to the greatest

extent in over five-and-a-half years. Of the ‘big-four’ nations, only France reported lower output charges.

Services

The rate of expansion in eurozone service sector output gathered momentum in February. The final **Markit Eurozone PMI® Services Business Activity Index** rose to 55.5, its highest level since May 2011 but slightly below the earlier flash estimate of 55.6. The rate of increase in incoming new work also picked up to a 70-month high.

The growth acceleration was broad-based by nation, with all of the ‘big-four’ service economies seeing faster expansions of business activity and new orders. Rates of increase in output improved to a three-month high in Germany, a five-and-a-half year peak in France, a 14-month high in Italy and a one-and-a-half year record in Spain. However, the fastest rate of output growth was seen in Ireland, albeit a slower expansion than in January.

Backlogs of work rose at the quickest pace since May 2011, with increases signalled in all five of the national service economies covered by the survey. The combination of rising activity, new orders and backlogs led to increased business confidence[†] and also encouraged further job creation.

Positive sentiment rose to a near-six year record, amid widespread expectations among companies that business activity would be higher in 12 months’ time. Meanwhile, employment rose for the twenty-eighth successive month, with the rate of increase the second-fastest over the past nine years.

Job creation was seen in all of the nations covered by the survey. Germany, France, Spain and Ireland all saw rates of increase accelerate, while jobs growth in Italy matched that signalled in January.

Input prices rose at the quickest pace since June 2011 in February, reflecting higher staff costs and increased purchase prices (the latter due in part to rising commodity costs and the weak euro exchange rate). Average output charges also posted a modest increase, with the rate of inflation accelerating slightly. Germany, Spain and Ireland all saw selling prices rise, in contrast to the further reductions implemented in France and Italy.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“The final PMI numbers paint a bright picture of a eurozone economy starting to fire on all cylinders.

“Growth accelerated in all of the four largest member states in February to suggest an increasingly sustainable and robust-looking upturn. Both France and Germany look to be on course to grow by 0.6% in the first quarter, with Spain set for at least a 0.7% expansion. Italy is lagging behind but is nevertheless enjoying its best growth for over a year, likely to see GDP rise by 0.4% in the first quarter.

“The broad-based improvement has pushed the eurozone PMI into territory consistent with 0.6% GDP growth in the first quarter. The labour market is also starting to boom, with jobs being created at the fastest rate for nearly a decade.

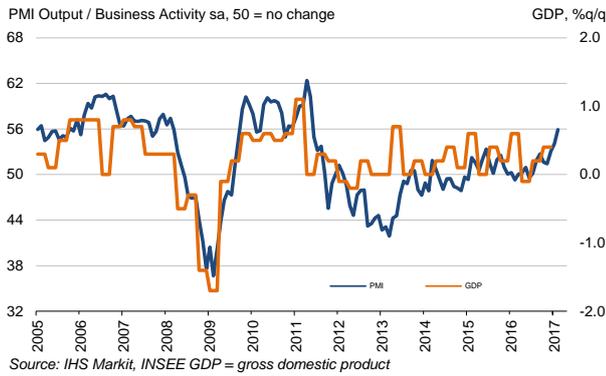
“The acceleration in growth, employment and prices signalled by the surveys suggests that analysts will begin to pull forward their expectations of when the ECB could begin tapering its stimulus. However, it seems likely that central bank rhetoric will remain dovish in coming months, focusing on the headwinds that the economy faces in 2017, and specifically the need for policy to remain accommodative in the face of political uncertainty.”

-Ends-

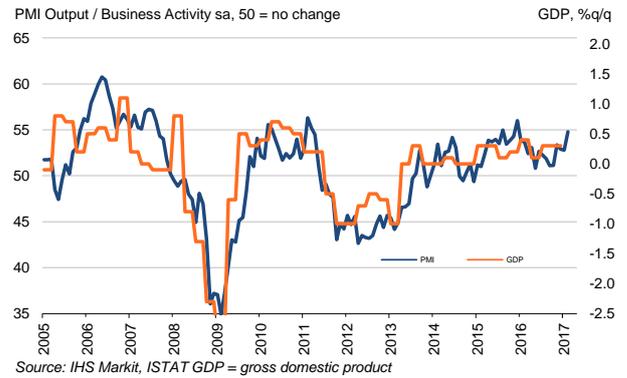
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

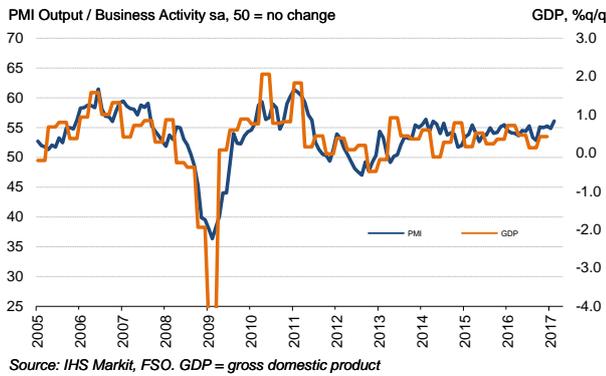
France



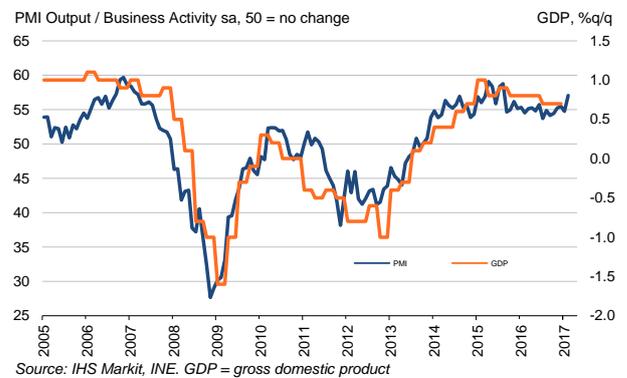
Italy



Germany



Spain



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Note to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by 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 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 February composite flash was based on 82% of the replies used in the final data. The February services flash was based on 72% of the replies used in the final data. **Data were collected 10-23 February.**

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.

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.

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Purchasing Managers' Index[®] (*PMI*[®]) 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.

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