

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

Eurozone manufacturing stays close to record high in January

Key findings:

- Final Eurozone Manufacturing PMI at 59.6 in January (Flash: 59.6, December Final: 60.6)
- Price pressures strengthen as input costs and output charges rise at faster rates
- Business confidence hits series-record high

Data collected January 12-24

IHS Markit Eurozone Manufacturing PMI



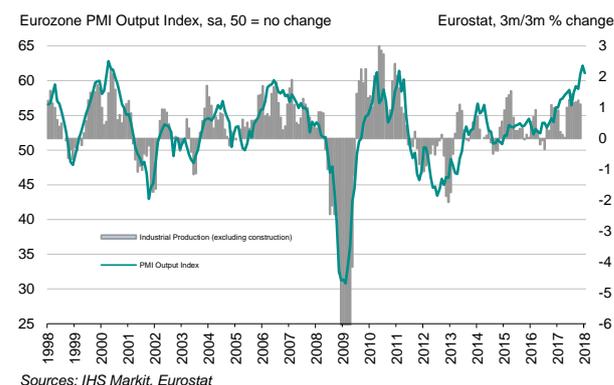
The eurozone manufacturing sector made a strong start to 2018. Although January saw rates of growth in output and new orders ease from near-record highs at the end of last year, they remained among the best seen since the survey began in 1997.

The final IHS Markit Eurozone Manufacturing PMI[®] posted a three-month low of 59.6 in January, down from December's record high of 60.6 and identical to the earlier flash estimate. The PMI has signalled expansion in each of the past 55 months.

Sector data signalled solid growth across the consumer, intermediate and investment goods categories, with the steepest rates of expansion in the latter two. This was despite consumer goods being the only category to see growth accelerate during the latest survey month.

Countries ranked by Manufacturing PMI: Jan.

Netherlands	62.5	Record high
Austria	61.3	3-month low
Germany	61.1 (flash: 61.2)	3-month low
Italy	59.0	83-month high
France	58.4 (flash: 58.1)	2-month low
Ireland	57.6	3-month low
Spain	55.2	4-month low
Greece	55.2	123-month high



The Netherlands PMI rose to a series-record high in January, taking it to the top of the euro area rankings. Italy also saw growth improve, to an 83-month high, while the Greek PMI moved to its highest level in over a decade.

Although rates of expansion eased in the other nations covered by the survey, PMI readings remained close to record highs in Germany, Austria and Ireland, and among the best for 17 and ten years in France and Spain respectively.

The robust improvement in eurozone manufacturing operating conditions signalled by continued strong expansions of both production and new orders had a positive impact on business confidence. January saw optimism rise to a series-record high, with confidence improving in all nations bar Germany and

Austria (although these nations maintained strongly positive outlooks overall).

Companies indicated that they were experiencing solid inflows of new business from both the domestic and export markets during January. The level of new export orders rose at a robust pace, albeit a three-month low. Growth of new export business remained solid across the nations covered by the survey, with Spain, Ireland and Greece seeing sharper increases than those registered at the end of 2017.

Euro area manufacturing employment rose for the forty-first successive month in January. The rate of jobs growth remained substantial and close to the survey record highs achieved in November and December of last year.

Solid increases in staffing levels were seen across the nations covered by the survey, with the steepest rises in the Netherlands, Austria and Germany. Rates of expansions strengthened in Italy, the Netherlands and Greece.

Higher staff headcounts reflected improved inflows of new orders, rising business confidence and efforts to increase capacity in light of increasing backlogs of work. Outstanding business rose for the thirty-third consecutive month, with the pace of expansion only slightly slower than November's record high.

Inflationary pressures picked up at the start of 2018, with both output charges and input prices rising at faster rates. Output price inflation accelerated to an 80-month high.

Purchasing costs rose to the greatest extent in over six-and-a-half years, reflecting higher commodity prices (including oil) and greater pricing power at vendors. The latter factor was the result of shortages developing for some inputs as demand outstripped supply. This also led to one of the sharpest lengthening of supplier lead times on record.

Comment

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

"The eurozone's manufacturing boom continued in full swing in January. Output grew at one of the fastest rates recorded over the survey's 20-year history, matched by a further near-record surge in new orders.

"Employment likewise showed one of the largest gains yet recorded by the survey as firms expanded capacity in line with rising demand.

"The extent to which demand has surged in recent months nevertheless continued to run ahead of capacity, leading to near-record increases in both backlogs of uncompleted orders and suppliers' delivery times.

"The hike in prices associated with the further shift to a sellers' market for many goods was accompanied by a steep rising in oil prices during the month, resulting in a further intensification of cost pressures. With higher costs being increasingly passed on to customers, the survey sends a warning signal for a potential rise in future consumer price inflation."

-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 January 2018 flash was based on 92% 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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