

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) July 5th 2017**

## IHS Markit Eurozone Composite PMI<sup>®</sup> – final data

Includes IHS Markit Eurozone Services PMI<sup>®</sup>

### Eurozone economic growth at six-year high during second quarter

#### Key findings:

- Final Eurozone Composite Output Index: **56.3** (Flash: 55.7, May Final: 56.8)
- Final Eurozone Services Business Activity Index: **55.4** (Flash: 54.7, May Final: 56.3)

Data collected June 12-27

The eurozone economy enjoyed its best quarter for just over six years during the second quarter of 2017. Although output growth slowed slightly in June, continued robust inflows of new work and elevated business confidence kept the pace of job creation among the best seen over the past decade.

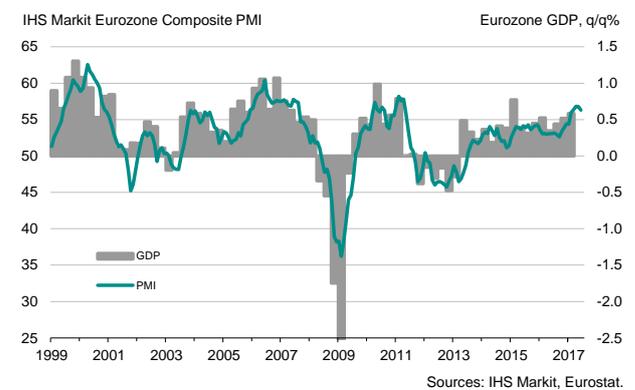
The final **IHS Markit Eurozone PMI<sup>®</sup> Composite Output Index** fell to a four-month low of 56.3 in June, but was above the earlier flash estimate of 55.7 and only slightly below April and May's six-year record highs of 56.8. The average reading over the second quarter as a whole (56.6) was also the best outcome since Q1 2011.

The expansion was again led by the manufacturing sector, where production rose to the greatest extent since April 2011. Although the rate of growth in service sector activity moderated, it was still among the strongest seen over the past six years.

All of the national manufacturing and service sectors covered by the survey recorded growth of output in June, the first time this has happened since April 2014. All of the national surveys also highlighted concurrent increases in employment as well.

The strongest rates of expansion in overall economic activity during June were seen in Ireland (albeit a three-month low) and Spain, with growth in Spain hitting a near two-year high. Rates of

#### IHS Markit Eurozone Composite PMI



#### Countries ranked by output growth\*: June

Ireland	58.0	3-month low
Spain	57.7	22-month high
France	56.6 (flash: 55.3)	2-month low
Germany	56.4 (flash: 56.1)	4-month low
Italy	54.5	3-month low

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

expansion slowed in Germany, France and Italy, but remained solid nonetheless.

June saw the level of incoming new business rise at the quickest pace in three months and to one of the greatest degrees since early-2011. This tested capacity at manufacturers and service providers, leading backlogs of work to accumulate at one of the fastest rates in six years. This in turn supported further job creation, with staffing levels rising at one of the fastest rates over the past decade.

Despite signs of capacity being strained, average output prices rose at the slowest pace for five months in June. This mainly reflected a further easing in cost inflationary pressures, as input prices rose at the weakest rate since last November. This was especially noticeable in manufacturing, where

companies reported lower prices for a number of commodities, particularly oil.

## Services

June saw the rate of expansion in eurozone service sector business activity ease to a five-month low. This was signalled by the final **IHS Markit Eurozone PMI® Services Business Activity Index** posting 55.4, down from 56.3 in May but above the earlier flash estimate of 54.7. The average reading over the second quarter as a whole was the best outcome in over six years.

Rates of growth moderated in Germany (five-month low), France (two-month low), Italy (three-month low) and Ireland (seven-month low) during June. In contrast, service sector activity in Spain rose at the quickest pace since August 2015 and faster than the other nations covered by the survey.

Companies linked the increase in business activity to rising levels of new work. New orders expanded for the thirty-first month in a row. Rates of increase in recent months have remained firmly above the average for the current sequence of expansion.

Current new order growth tested capacity, leading to a further solid increase in backlogs of work. This in turn maintained job creation in the sector, with staffing levels rising at one of the fastest rates in a decade. Rates of increase in employment accelerated in France (111-month record), Italy (two-month high), Spain (11-month high) and Ireland (three-month high), but slowed to a 14-month low in Germany.

Improved demand underpinned a positive outlook for the eurozone service sector, with companies forecasting that activity would be higher in one year's time. However, the overall degree of positive sentiment<sup>†</sup> dipped to a four-month low, down from May's seven-year record high.

June data signalled a softening of inflationary pressures. Average prices charged rose only modestly and at the slowest rate for five months. Meanwhile, input cost inflation eased further from February's recent peak to the lowest since last November.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The final headline PMI came in above the earlier flash estimate and consequently signalled only a very slight loss of growth momentum at the end of the second quarter. "The latest readings are indicative of the eurozone growing by an impressive 0.7% in the second quarter.*

*"The dip in the PMI in June certainly doesn't look like the start of a slowdown. Growth of new orders accelerated very slightly to reach the second-highest in just over six years, and companies are struggling to satisfy this increase in demand.*

*"Operating capacity is being strained despite the region seeing the best spell of employment growth for a decade in recent months.*

*"Rising demand is also boosting firms' pricing power, both for goods and services. While price pressures have cooled since earlier in the year, linked mainly to lower global commodity prices, this is still the strongest period of inflationary pressure that the region has seen for six years.*

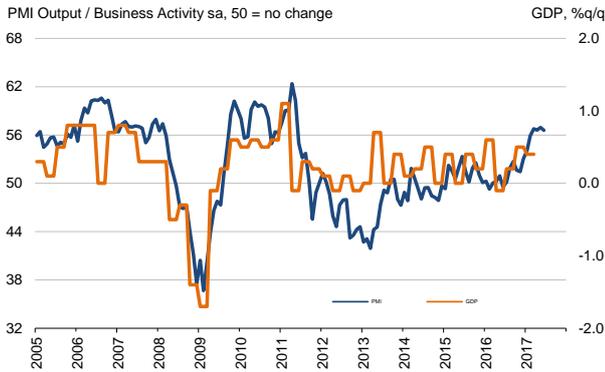
*"The added encouragement to the healthy picture is the broad-based nature of the upturn signalled for economic growth, employment and prices. All four of the largest euro nations are reporting faster growth in the second quarter as a whole, adding to the picture of an increasingly self-sustaining recovery amid rising domestic demand in the single currency area."*

-Ends-

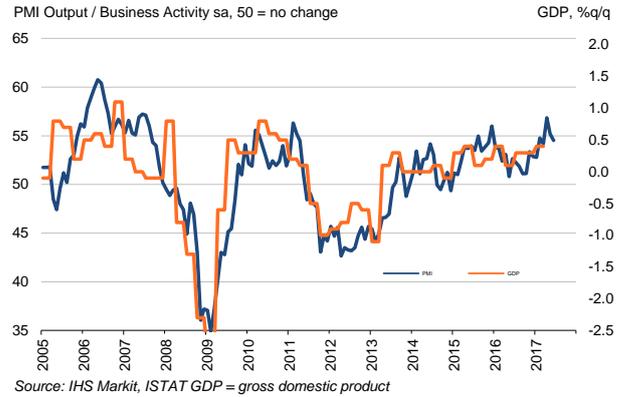
\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

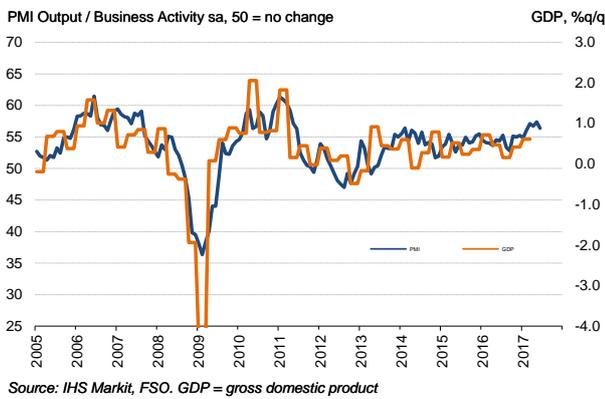
### France



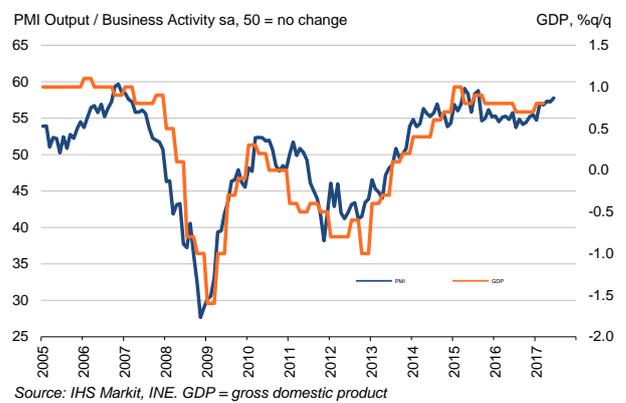
### Italy



### Germany



### Spain



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**Note to Editors:**

The Eurozone Composite *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) 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 June composite flash was based on 86% of the replies used in the final data. The June services flash was based on 78% of the replies used in the final data. **Data were collected 12-27 June.**

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](mailto:economics@ihsmarkit.com).

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**About PMI**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/product/pmi).

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