

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## Markit Flash Eurozone PMI®

### Eurozone growth hits six-year high

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 56.7 (56.0 in February). 71-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 56.5 (55.5 in February). 71-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 57.2 (57.3 in February). 2-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 56.2 (55.4 in February). 71-month high.

Data collected March 13-23

Eurozone economic growth gathered further momentum in March, according to *PMI*® survey data, reaching a near six-year high. The survey also saw the best employment growth for almost a decade as both manufacturing and service sector firms responded to surging order books. Business optimism meanwhile hit a new peak, but price pressures also intensified to a near six-year high.

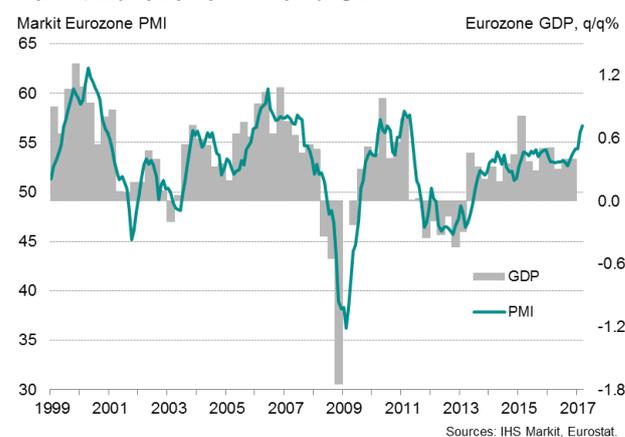
The Markit Eurozone PMI rose to 56.7 in March, according to the preliminary 'flash' estimate (based on approximately 85% of final replies). Up from 56.0 in February, the latest reading was the highest since April 2011. The first quarter average of 55.7 is the highest since the first quarter of 2011.

Inflows of new work and backlogs of work also both grew at the fastest rates since April 2011, underscoring the recent strengthening of demand.

The upturn was broad-based. Growth of service sector activity accelerated to the highest since April 2011, and manufacturing output growth eased only marginally from February's near six-year peak.

Importantly, growth of new orders gathered pace in both sectors to reach near six-year highs. Goods producers saw the largest increase in export orders (including intra-eurozone trade) since April 2011.

#### Markit Eurozone PMI and GDP



Employment showed the largest monthly improvement since July 2007 as firms sought to boost capacity in line with the recent improvement in demand. Service sector job creation was the best seen since October 2007, and factory payrolls were added to at a pace not seen since April 2011.

Stronger demand also allowed increasing numbers of firms to raise prices. Average prices charged for goods and services rose at the steepest rate since June 2011.

Both service sector and manufacturing input costs and selling prices were found to have been rising at the steepest rates since the first half of 2011 during the first quarter.

In many cases, higher prices were charged in order to pass increased costs on to customers. March's rise in average input prices was the highest since May 2011. The weakened euro was widely reported to have exacerbated the impact of increased global prices for many commodities, notably oil and energy as well as food and metals.

Some evidence of rising wage growth and supply

chain price pressures was also seen. A lengthening of supplier lead times, indicating that demand was often outstripping supply, allowed suppliers to push up prices. Labour markets were also reported to be tightening in some countries.

Business expectations about companies' own activity levels in the coming year meanwhile rose to the highest since comparable data were first available in July 2012. Although goods producers' optimism waned slightly for a second successive month, service sector expectations were the most optimistic for six years.

By country, growth accelerated in **Germany** to the strongest since May 2011, driving job creation to the highest for six years. Output and order book growth accelerated in both manufacturing and services, as did job creation. The German service sector saw jobs being added at a rate not beaten in 20 years of data collection.

Growth in **France** edged above that seen in Germany, reaching the highest since May 2011. The French upturn was led by a surge in service sector growth to a near six-year high. Manufacturing output growth eased slightly despite enjoying one of the best export performances for nearly six years. Both sectors took on extra staff, resulting in the largest rise in employment since August 2011.

**Elsewhere**, growth of output and new orders slipped lower but remained close to the best seen for almost a decade, while jobs growth hit a near ten-year high.

## Comment

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

*“The eurozone economy’s throttle opened further in March, with business activity and hiring surging higher. The March flash PMI rounds off the best quarter for six years and signals GDP growth of 0.6% in the first quarter. Employment growth is meanwhile the best seen for nearly a decade.*

*“The acceleration in growth towards the end of the quarter, as well as improving trends in new business and an increased appetite to hire, suggest that strong growth momentum will be sustained into the second quarter.*

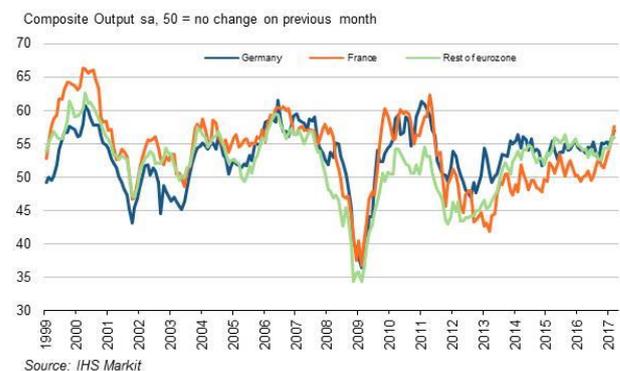
*“Price pressures are also continuing to pick up. The upturn in inflationary pressures mainly reflects increased global commodity prices and the historically weak euro, but also points to improved sellers’ pricing power as demand lifts higher – something the ECB will need to keep a close eye on.*

*“The PMI activity and price indices have moved well into territory which would normally be associated with the ECB tightening policy. Speculation may intensify that the central bank could risk falling behind the curve if growth continues to strengthen and inflation proves stickier than expected.*

*“The increasingly broad-based nature of the upturn also bodes well for strong growth to be sustained in coming months. Perhaps the best news came from France, where growth has risen above that seen in Germany, led by strengthening domestic demand. While elections remain a worry regarding the outlook, for now the business mood in France and across much of Europe is very positive.”*

-Ends-

## Core v. Periphery PMI Output Indices



## Core v. Periphery PMI Employment Indices

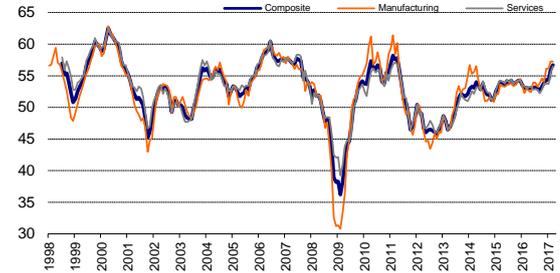


## Summary of March data

<b>Output</b>	<b>Composite</b>	<b>Strongest output growth since April 2011.</b>
	Services	Services activity rises at fastest pace in 71 months.
	Manufacturing	Rate of expansion in output eases fractionally.
<b>New Orders</b>	<b>Composite</b>	<b>Growth quickens for seventh month running.</b>
	Services	Sharpest increase in new work since April 2011.
	Manufacturing	New orders rise at fastest pace in 71 months.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Rate of accumulation at 71-month high.</b>
	Services	Accelerated rise in outstanding business.
	Manufacturing	Fastest increase in backlogs since April 2011.
<b>Employment</b>	<b>Composite</b>	<b>Steepest rise in employment for close to a decade.</b>
	Services	Fastest job creation since October 2007.
	Manufacturing	Jobs growth at 71-month high.
<b>Input Prices</b>	<b>Composite</b>	<b>Rate of cost inflation ticks up fractionally.</b>
	Services	Fastest rise in input prices since June 2011.
	Manufacturing	Manufacturing costs increase at same pace as in February.
<b>Output Prices</b>	<b>Composite</b>	<b>Solid and accelerated increase in output prices.</b>
	Services	Charge inflation at 71-month high.
	Manufacturing	Selling prices rise at fractionally weaker pace.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI up to 71-month high of 56.2.

## Output

Eurozone PMI - Output



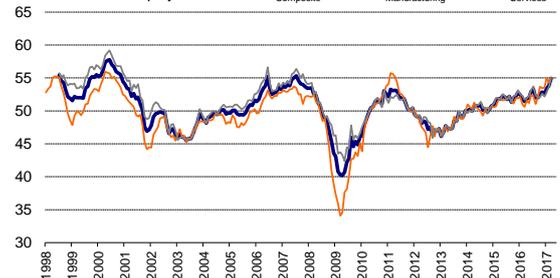
## New business

Eurozone PMI - New Business



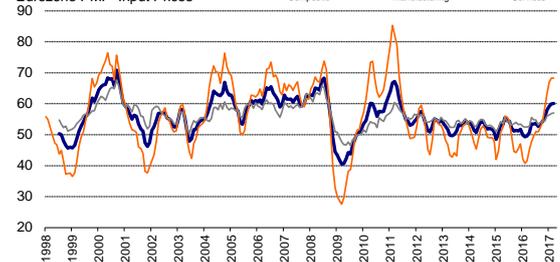
## Employment

Eurozone PMI - Employment



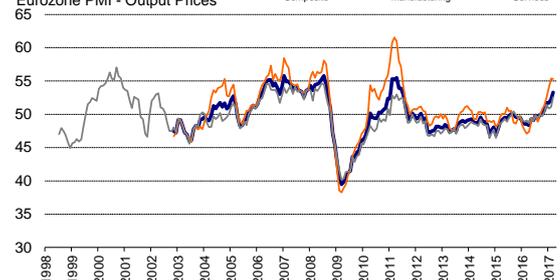
## Input prices

Eurozone PMI - Input Prices



## Output prices

Eurozone PMI - Output Prices



Source: IHS Markit.

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**Note to Editors:**

Final March data are published on April 3 for manufacturing and April 5 for services and composite indicators.

The Eurozone *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit and is based on original survey data collected from a representative panel of around 5,000 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Composite Output Index <sup>1</sup>	0.0	0.2
Eurozone Manufacturing <i>PMI</i> <sup>3</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.0	0.3

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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](mailto:economics@ihsmarkit.com).

**Notes**

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

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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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