

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) May 4th 2018

IHS Markit Eurozone Composite PMI[®] – final data

Includes IHS Markit Eurozone Services PMI[®]

Eurozone economic growth remains solid in April

Key findings:

- Final Eurozone Composite Output Index: **55.1** (Flash: 55.2, March Final: 55.2)
- Final Eurozone Services Business Activity Index: **54.7** (Flash: 55.0, March Final: 54.9)

Data collected April 12-25

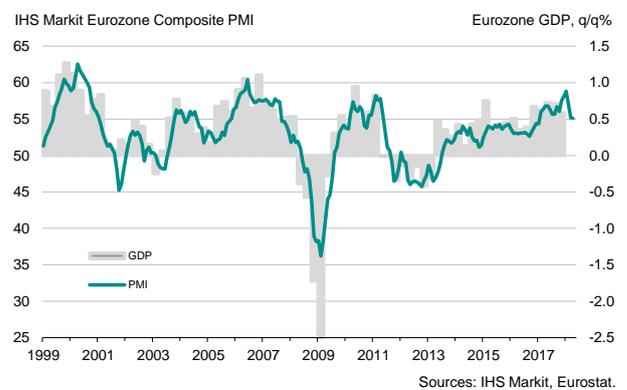
Eurozone economic activity continued to expand at a robust pace in April, with solid growth signalled in both the manufacturing and service sectors. However, growth has downshifted in recent months. The latest expansion of output was the slowest since January 2017.

The final **IHS Markit Eurozone PMI[®] Composite Output Index** posted 55.1 in April, down from 55.2 in March and below the earlier flash estimate (also 55.2). The headline index has signalled expansion in each of the past 58 months and remains above its average for that sequence (54.0). April saw manufacturing production rise at a marginally quicker pace, but this was offset by growth in service sector activity easing to an eight-month low.

Ireland rose back to the top of the PMI output growth table in April, with its rate of expansion hitting a three-month high. France also registered faster growth (a two-month high). The other nations covered reported further slowing in their rates of expansion, to a 19-month low in Germany, a 15-month low in Italy and a four-month low in Spain.

The weaker growth of eurozone economic output reflected a tandem slowdown in the rate of expansion in incoming new business. New orders rose at the slowest, albeit still solid, pace for 15 months. Growth eased in both the manufacturing (17-month low) and service (eight-month low) sectors.

IHS Markit Eurozone Composite PMI



Countries ranked by output growth*: April

Ireland	57.6	3-month high
France	56.9 (flash: 56.9)	2-month high
Spain	55.4	4-month low
Germany	54.6 (flash: 55.3)	19-month low
Italy	52.9	15-month low

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

Intakes of new work were still sufficiently robust to test capacity, as indicated by a further rise in outstanding business in April. This encouraged companies to expand employment, with job creation registered for the forty-second month in a row. The pace of growth also ticked higher and remained among the best seen over the past decade.

Employment increased in all of the nations covered, with only Spain failing to see a faster rate of increase. The strongest rises were reported in Ireland, Germany and France.

Price pressures continued to moderate in April, with rates of increase in input costs and output charges easing to seven- and four-month lows respectively. Input price increases remained elevated nonetheless,

reflecting high raw material costs (often due to demand exceeding supply) and growing staff costs.

Services

The final **IHS Markit Eurozone PMI® Services Business Activity Index** fell to an eight-month low of 54.7 in April, down from 54.9 in March and below the earlier flash estimate of 55.0. The index remained at a level consistent with solid expansion and above its long-run average (53.2).

The upturn remained broad-based in April, with activity rising across all of the nations covered. Ireland and France registered the strongest increases and were the only countries to see faster rates of growth. Output rose at slower rates in Germany (19-month low) and Spain (four-month low) and steadied at March's five-month low in Italy.

A similar easing was seen in the rate of increase of new orders at euro area service providers, which was also at an eight-month low in April. This was still sufficient to test capacity, as backlogs of work rose for the twenty-third straight month (albeit at a weaker pace).

Companies responded to the continued growth in both new business and backlogs of work by increasing employment. The pace of job creation was the fastest since October 2007. Rates of increase improved in Germany (three-month high), France (two-month high), Italy (four-month high) and Ireland (four-month high), but eased to a 14-month low in Spain.

April saw input price inflation accelerate for the first time since January. However, the rate of increase remained well below January's near seven-year high. In contrast, output charges rose at the slowest pace in seven months.

The outlook for the eurozone service sector remained positive in April, although the degree of optimism eased to a four-month low. Business confidence improved in Spain and Ireland, was unchanged in France and eased slightly in Germany and Italy.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The final PMI numbers confirm the marked, broad-based fading of the eurozone's growth spurt so far this year. The headline index has fallen from an eleven-and-a-half year peak in January to a 15-month low in April. Despite the drop, the PMI is not yet at a worryingly low level, but the survey details hint at further easing in the coming months.

"While the expansion signalled by April's PMI is disappointing relative to the elevated levels seen at the start of the year, the survey remains indicative of the eurozone economy growing at a robust quarterly rate of approximately 0.5-0.6%. Employment growth is also still booming, with the rate of job creation in the service sector at its highest for over a decade.

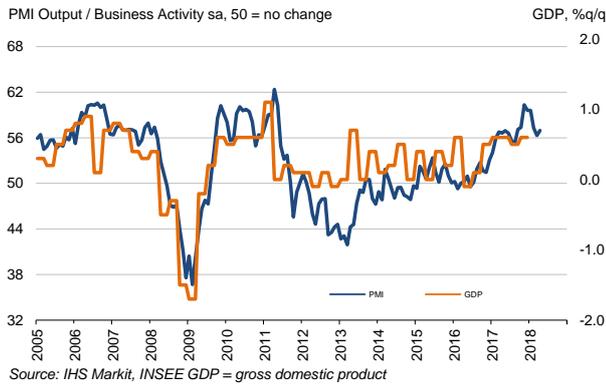
"Employment is a lagging indicator, however, and two reliable leading indicators have turned down, suggesting that both output and hiring trends will weaken further, at least into May. First, backlogs of uncompleted orders grew at the slowest rate for eight months. Second, companies' expectations about future output hit a five-month low. Any further deterioration could herald new concerns among policymakers regarding the economic outlook."

-Ends-

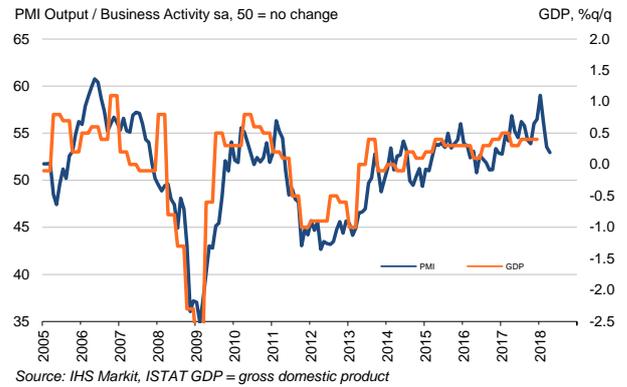
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

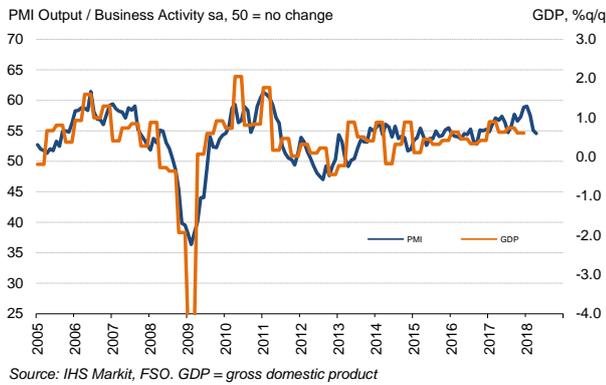
France



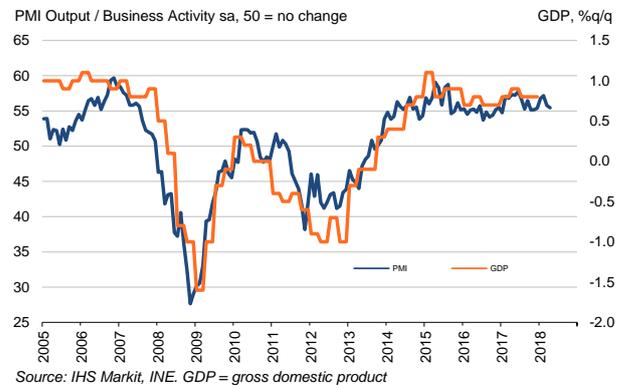
Italy



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 April composite flash was based on 85% of the replies used in the final data. The April services flash was based on 79% of the replies used in the final data. **Data were collected 12-25 April.**

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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