

IHS Markit Eurozone Composite PMI®

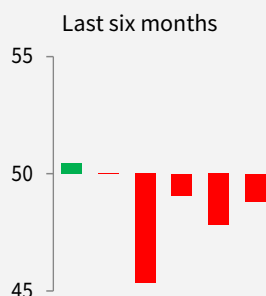
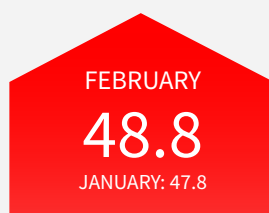
Strong manufacturing growth fails to offset services contraction

Key findings

Eurozone Composite Output Index: **48.8**

Eurozone Services Business Activity Index: **45.7**

Eurozone Composite Output Index



The eurozone's private sector economy experienced a further modest drop in output during February, although a rise in the seasonally adjusted IHS Markit Eurozone PMI® Composite Output Index pointed to a slower rate of contraction. The index posted 48.8 in February, up from January's 47.8.

The latest data again indicated a broadly two-speed economy. On the one hand, manufacturing registered its strongest expansion of output in four months, fuelled by strengthened demand from both domestic and international sources. In stark contrast, the service sector – especially those areas impacted the most by social-contact restrictions – recorded another marked contraction of activity.

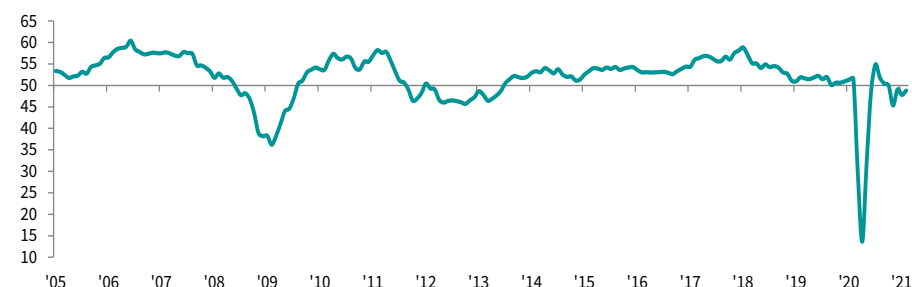
Italy joined Germany as the only nations to record modest growth of output during February as strong manufacturing performances more than offset ongoing weakness in services industries.

Overall declines were recorded elsewhere, with Ireland again recording the sharpest contraction, followed by Spain and then France.

Returning to the eurozone overall, the modest fall in activity was again closely linked to a decline in new orders. Latest data showed that new business fell for a fifth successive month, though February's rate of contraction was marginal. This partly reflected the strongest increase in new export business for nearly three years.

Composite Output Index

sa, >50 = growth since previous month



On the employment front, there was some positive news as a net increase (albeit marginal) was recorded for the first time in 12 months. Jobs growth was seen across the region, with the exception of Spain, where another drop in staffing levels was seen. Of the remaining four nations for which data are available, France experienced the strongest rise in staffing levels.

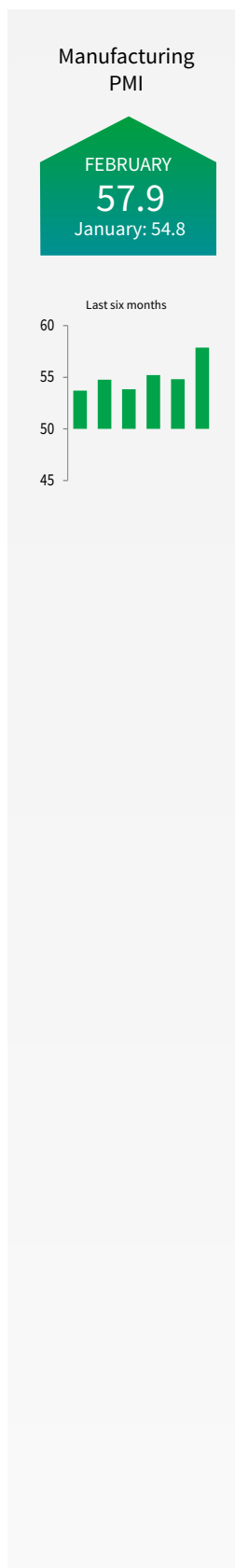
Growth in employment was however limited by ongoing spare capacity, as evidenced by a fall in levels of work outstanding in February. Although marginal, the latest cut in backlogs extended the current period of continuous decline to two years.

Led by rapidly rising in costs in manufacturing – in turn reflective of acute input delivery delays amid an upturn in global demand and transportation challenges – overall private sector operating expenses rose sharply in February. According to the latest data, input cost inflation was recorded for the ninth successive month and to the sharpest degree recorded by the survey since November 2018.

In response to increased costs, output charges edged higher for the first time since last February, although the rate of inflation was marginal.

Finally, hopes of a successful rollout of vaccines and a noticeable dialing back of restrictions related to COVID-19 prevention helped to drive business confidence up to its highest level for three years.

IHS Markit Eurozone Manufacturing PMI®



Fastest growth of eurozone manufacturing sector for three years

The eurozone's manufacturing economy performed strongly in February as operating conditions improved to the greatest degree for three years. This was highlighted by the seasonally adjusted headline PMI® which rose to 57.9, up from 54.8 in January. The index was above the 50.0 no-change mark that separates growth from contraction for an eighth successive month.

All three broad market groups recorded an improvement in operating conditions during February. Investment goods producers registered the strongest growth (the best since January 2018), followed by intermediate goods. Although consumer goods recorded comparatively modest growth, it was nonetheless its best performance since last September.

Apart from Greece, where the respective PMI slipped back just below 50.0, the upswing in manufacturing growth seen during February was broad-based with all nations registering stronger PMI readings compared to January.

Germany and the Netherlands, where export gains remained especially strong, continued to lead the way in terms of overall growth.

Austria posted its best performance for three years, whilst the gains seen in Italy and France were the best since the start of 2018. Comparatively modest growth rates were seen in Spain and Ireland.

The headline eurozone manufacturing PMI was driven higher by sharper gains in both output and new orders, which in each case were the best since last October's recent peaks. Higher exports were a key driver of overall new order gains, with latest data showing the strongest rise in new export* trade since January 2018.

A noticeable feature of February's survey data was the continued lengthening of delivery times for inputs. Latest figures showed the second-greatest deterioration in lead times since data were first available nearly 24 years ago. Amid widespread reports of delays and difficulties in sourcing inputs thanks to an upturn in global demand and ongoing transportation challenges related to COVID-19, input costs subsequently rose sharply with inflation reaching its highest recorded for nearly a decade.

Cost pressures were especially acute amongst German, Dutch, and Austrian manufacturers, but with market demand improving firms overall were able to pass on a portion of their higher expenses to clients in the form of increased charges. February's survey showed that output prices amongst eurozone manufacturers rose at the strongest rate since April 2018.

Adding to supply-side challenges was a marked increase in purchasing activity amongst eurozone manufacturers. Latest data showed that firms raised their purchasing activity to the greatest degree for over three years despite utilising existing input inventories wherever possible. Stocks of raw materials and semi-manufactured goods declined for a twenty-fifth successive month.

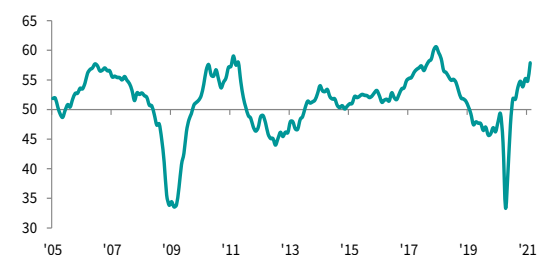
There was some positive news on the employment front during February, with staffing levels rising overall for the first time in nearly two years. Only Spain recorded a net fall in employment. Companies added to their staff numbers in response to higher overall workloads and signs of capacity pressure: backlogs of work increased in February for the seventh successive month.

Finally, confidence about the future continued to strengthen, with the latest survey showing that optimism hit its highest ever level (expectations data were first available in mid-2012). Growth projections were linked to hopes of a successful rollout of vaccination programmes and a resolution to the pandemic in the coming months.

* Includes intra-eurozone trade.

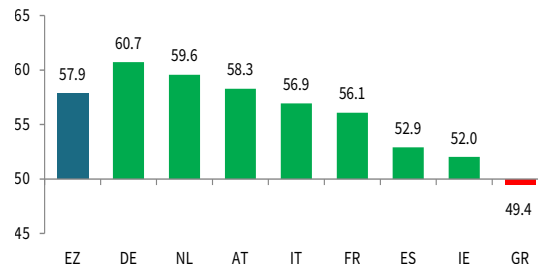
Manufacturing PMI

sa, >50 = improvement since previous month



PMI by nation, February '21

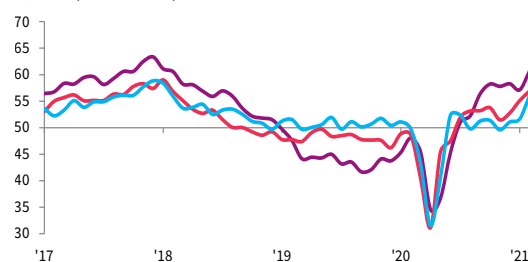
sa, >50 = improvement since previous month



PMI by nation

Germany / France / Italy

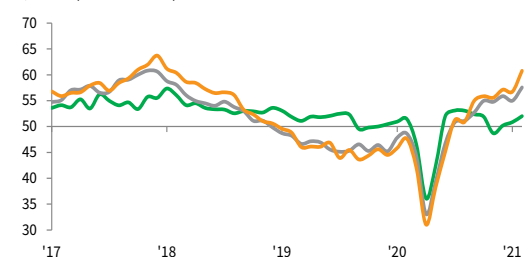
sa, >50 = improvement since previous month



PMI by goods sector

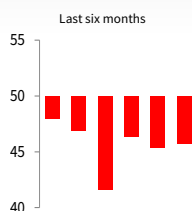
Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



IHS Markit Eurozone Services PMI®

Services Business Activity Index



New orders in February fell again, driving a reduction in the service sector

The IHS Markit Eurozone PMI® Services Business Activity Index remained mired below the 50.0 no-change mark to signal a sixth successive monthly reduction in service sector activity. The index was little changed since January's 45.4, recording 45.7 in February.

Once again, all five nations recorded a drop in activity, led by Ireland and Spain. France and Germany recorded similarly marked falls in activity, with the latter experiencing its worst performance since last May.

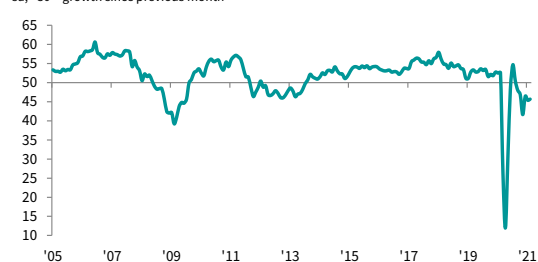
Driving the reduction in regional activity was again a fall in levels of incoming new work, which were down for a seventh month in a row. Export sales were also lower, albeit at the slowest rate in the past year.

Due to modest gains in both Germany and France, a net increase in eurozone service sector staffing levels was recorded during February. Though slight, it was the first time that growth has been recorded in 12 months and reflected in part more positive projections for activity in the coming year. Indeed, service sector business expectations* improved in February to their highest level since April 2018.

Meanwhile, input cost inflation was unchanged on January's five-month high in February amid reports of higher prices for a range of goods and services. The challenging business environment however meant that output charges were cut for a twelfth successive month, with all nations covered by the survey recording a reduction in prices since January.

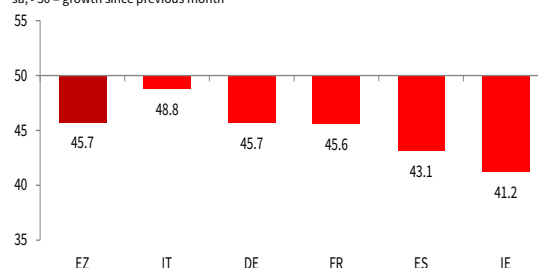
Services Business Activity Index

sa, >50 = growth since previous month



Business Activity Index by nation, February '21

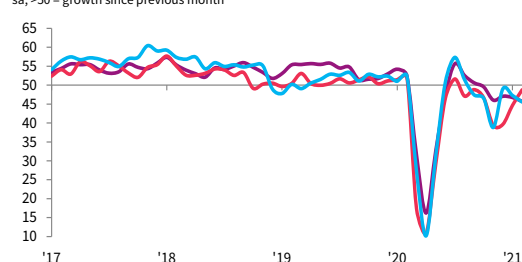
sa, >50 = growth since previous month



Business Activity Index by nation

Germany / France / Italy

sa, >50 = growth since previous month



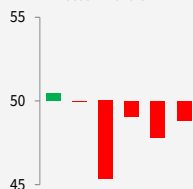
* for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

Composite index summary

Key data

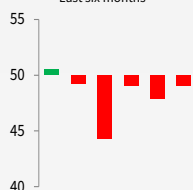
Output Index

Last six months



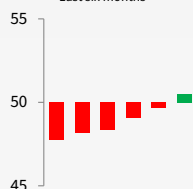
New Business Index

Last six months



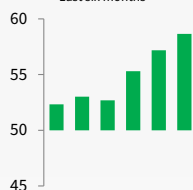
Employment Index

Last six months



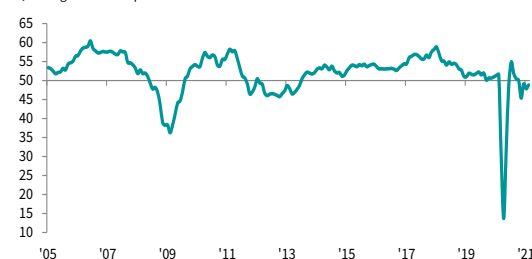
Input Prices Index

Last six months



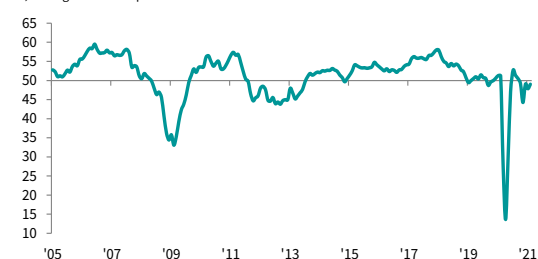
Output Index

sa, >50 = growth since previous month



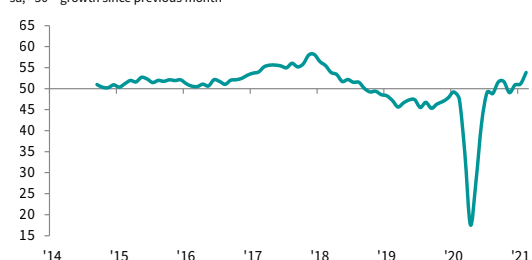
New Business Index

sa, >50 = growth since previous month



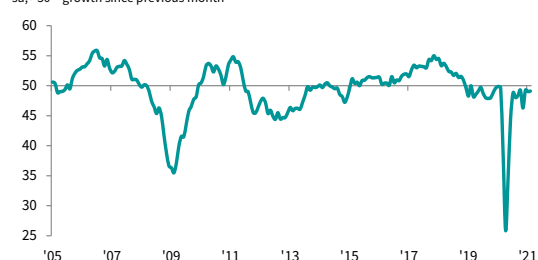
New Export Business Index

sa, >50 = growth since previous month



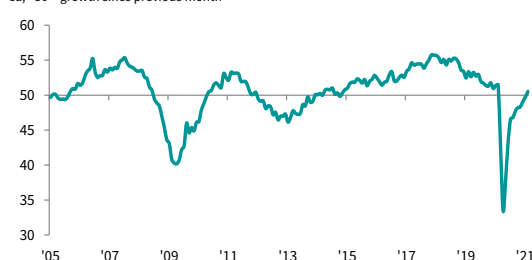
Outstanding Business Index

sa, >50 = growth since previous month



Employment Index

sa, >50 = growth since previous month



Input Prices Index

sa, >50 = inflation since previous month



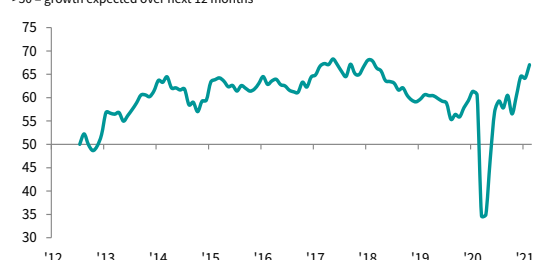
Prices Charged Index

sa, >50 = inflation since previous month



Future Output Index

>50 = growth expected over next 12 months



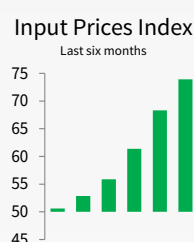
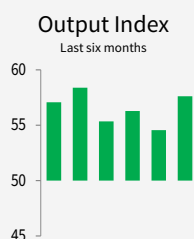
Index Summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Output	New Business	New Export Business	Outstanding Business	Employment	Input Prices	Prices Charged	Future Output*
09 '20	50.4	50.5	51.6	48.4	47.7	52.3	47.8	60.5
10 '20	50.0	49.2	51.7	49.2	48.2	53.0	49.2	56.5
11 '20	45.3	44.3	49.1	46.3	48.3	52.7	48.8	60.4
12 '20	49.1	49.0	50.9	49.2	49.1	55.3	49.5	64.5
01 '21	47.8	47.9	51.1	49.0	49.7	57.2	48.6	64.2
02 '21	48.8	49.0	53.8	49.1	50.5	58.6	50.3	67.0

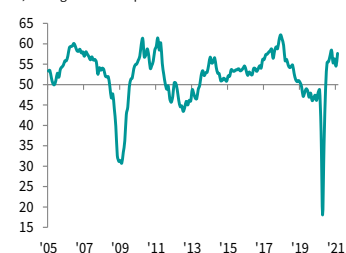
Manufacturing index summary

Key data



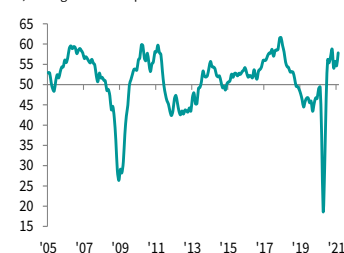
Output Index

sa, >50 = growth since previous month



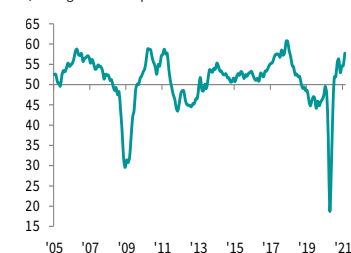
New Orders Index

sa, >50 = growth since previous month



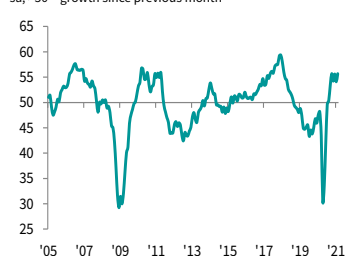
New Export Orders Index

sa, >50 = growth since previous month



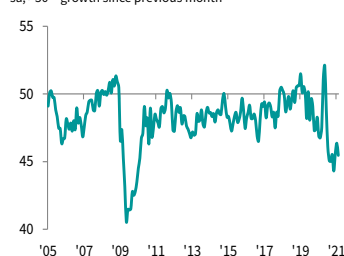
Backlogs of Work Index

sa, >50 = growth since previous month



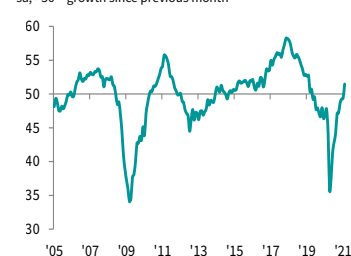
Stocks of Finished Goods Index

sa, >50 = growth since previous month



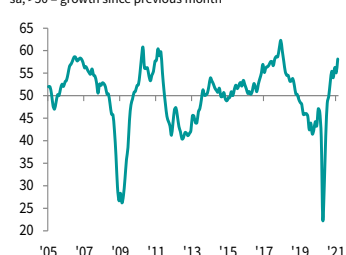
Employment

sa, >50 = growth since previous month



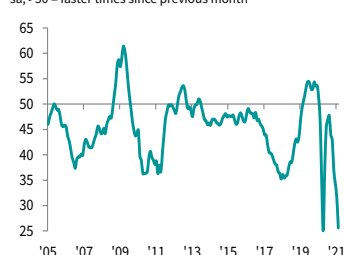
Quantity of Purchases Index

sa, >50 = growth since previous month



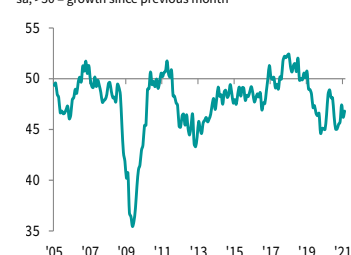
Suppliers' Delivery Times Index

sa, >50 = faster times since previous month



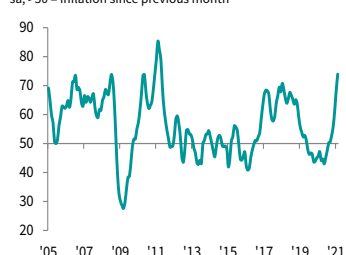
Stocks of Purchases Index

sa, >50 = growth since previous month



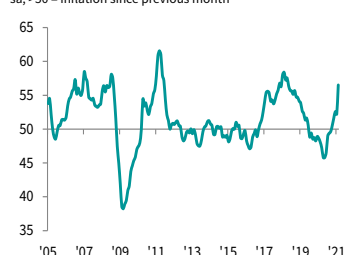
Input Prices Index

sa, >50 = inflation since previous month



Output Prices Index

sa, >50 = inflation since previous month



Future Output Index

>50 = growth expected over next 12 months



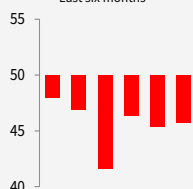
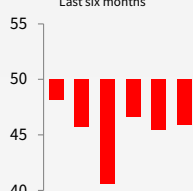
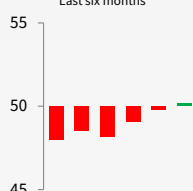
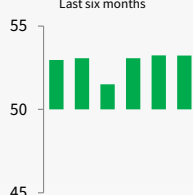
Index Summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

	PMI	Output	New Orders	New Export Orders	Backlogs of Work	Stocks of Finished Goods	Employment	Quantity of Purchases	Suppliers' Delivery Times	Stocks of Purchases	Input Prices	Output Prices	Future Output*
09 '20	53.7	57.1	57.0	55.5	53.4	45.0	47.1	53.0	43.9	45.1	50.6	49.6	63.8
10 '20	54.8	58.4	58.7	56.3	55.7	45.5	47.2	55.4	42.9	45.5	52.9	50.5	62.7
11 '20	53.8	55.3	54.1	53.0	54.3	44.3	48.7	54.0	37.0	45.8	55.9	51.6	64.8
12 '20	55.2	56.3	55.7	54.6	55.6	45.6	49.2	56.2	34.4	47.4	61.4	52.6	66.2
01 '21	54.8	54.6	54.7	54.7	54.1	46.4	49.4	55.1	31.6	46.2	68.3	52.2	68.2
02 '21	57.9	57.6	57.8	57.7	55.7	45.5	51.5	58.1	25.6	46.8	73.9	56.5	70.1

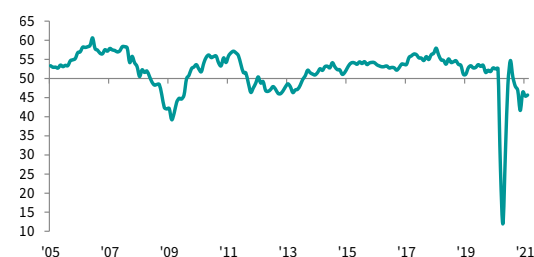
Services index summary

Key data

Business Activity Index
Last six monthsNew Business Index
Last six monthsEmployment Index
Last six monthsInput Prices Index
Last six months

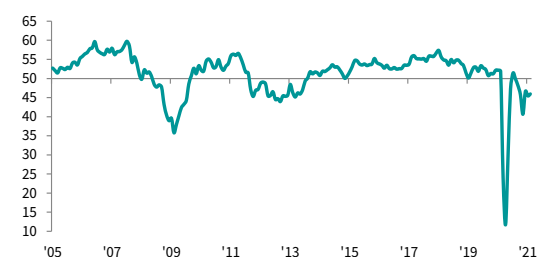
Business Activity Index

sa, >50 = growth since previous month



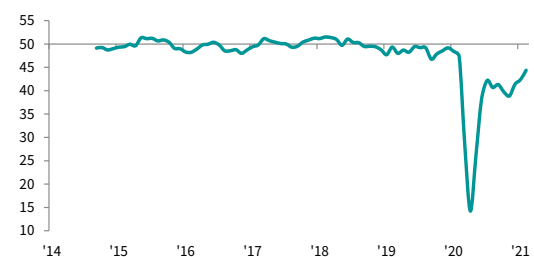
New Business Index

sa, >50 = growth since previous month



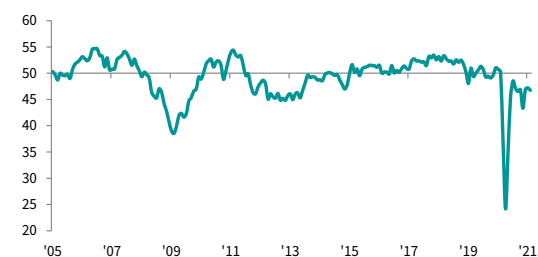
New Export Business Index

sa, >50 = growth since previous month



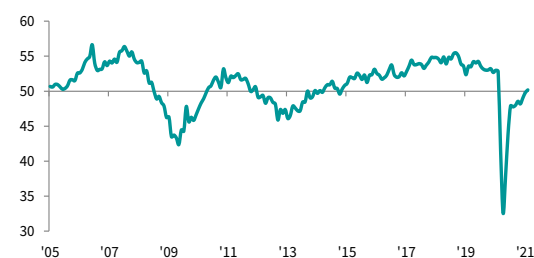
Outstanding Business Index

sa, >50 = growth since previous month



Employment Index

sa, >50 = growth since previous month



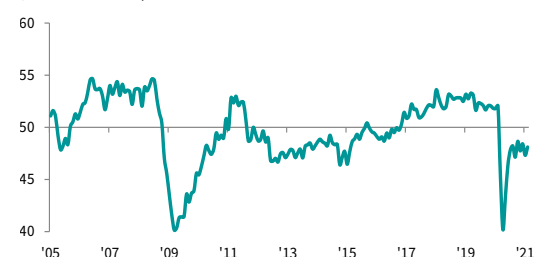
Input Prices Index

sa, >50 = inflation since previous month



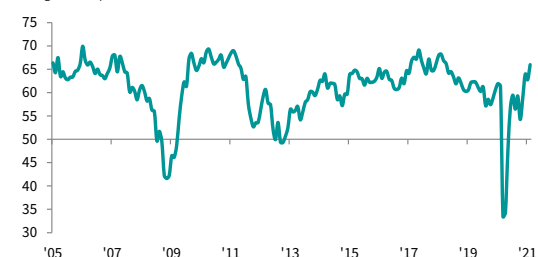
Prices Charged Index

sa, >50 = inflation since previous month



Future Activity Index

>50 = growth expected over next 12 months



Index Summary

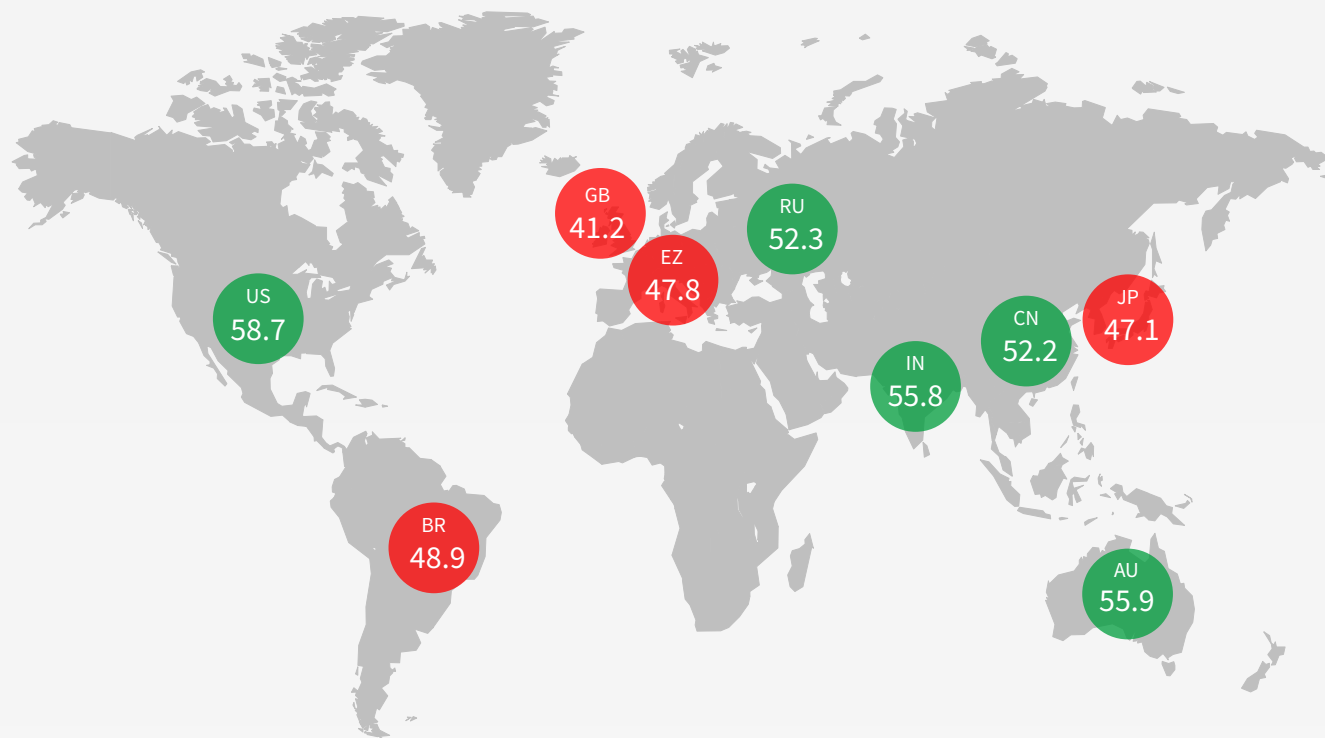
sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Outstanding Business	Employment	Input Prices	Prices Charged	Future Activity*
09 '20	48.0	48.1	41.3	46.5	48.0	53.0	47.1	59.2
10 '20	46.9	45.7	39.8	46.9	48.5	53.1	48.7	54.2
11 '20	41.7	40.6	38.9	43.3	48.2	51.5	47.7	58.8
12 '20	46.4	46.6	41.4	46.9	49.0	53.1	48.4	63.9
01 '21	45.4	45.4	42.4	47.2	49.8	53.2	47.3	62.7
02 '21	45.7	45.9	44.4	46.8	50.2	53.2	48.1	66.0

International PMI

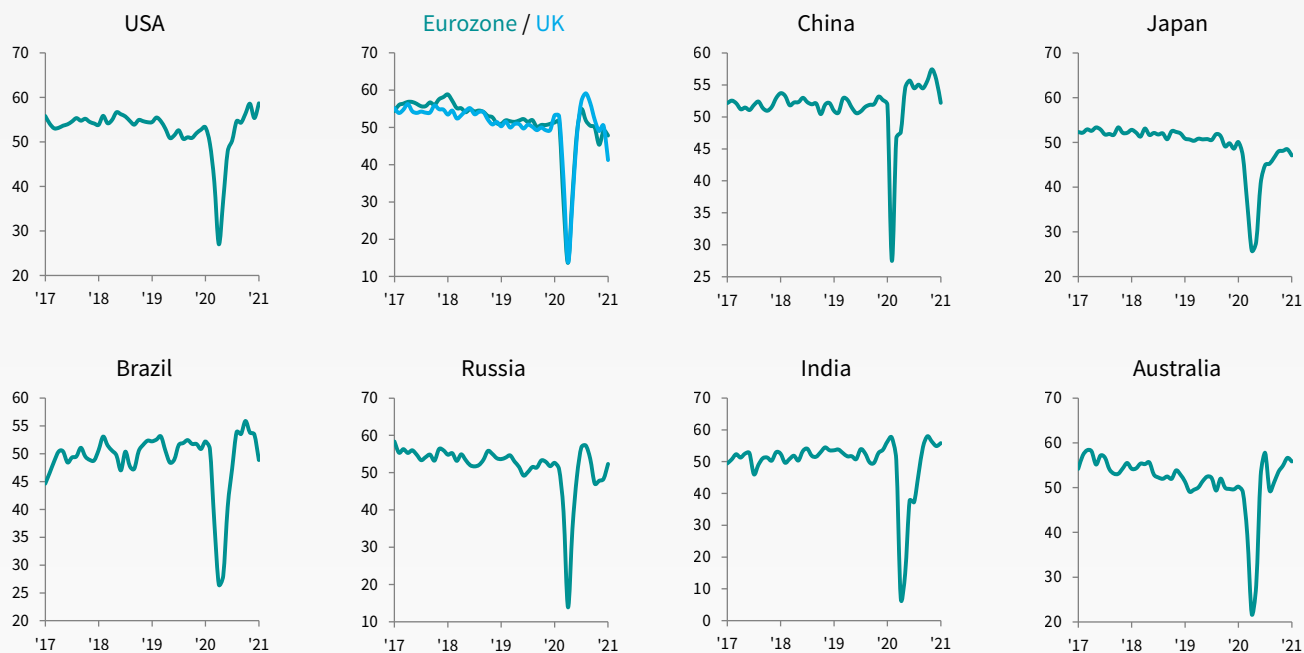
Composite Output Index, Jan '21

sa, >50 = growth since previous month



Composite Output Index

sa, >50 = growth since previous month



Produced in association with:

OPWZ	BME	AERCE	CNA	HPI	NEVI
					
www.opwz.com	www.bme.de	www.aerce.org	www.cna-asso.fr	www.hpi.gr	www.nevi.nl

Methodology

The IHS Markit Eurozone Composite PMI® is compiled by IHS Markit from responses to questionnaires sent to survey panels of manufacturers in Germany, France, Italy, Spain, the Netherlands, Austria, Ireland and Greece, and of service providers in Germany, France, Italy, Spain and Ireland, totalling around 5,000 private sector companies. The panels are each stratified by detailed sector and company workforce size, based on contributions to each country's GDP.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each manufacturing and services survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Eurozone level indices for manufacturing and services are calculated by weighting together the country indices using national manufacturing and services annual value added*. Composite eurozone level indices are calculated by weighting comparable manufacturing and services indices using eurozone manufacturing and services annual value added*.

The headline composite figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index

and the Services Business Activity Index. It may be referred to as the 'Composite PMI' but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

February data were collected 11-23 February 2021.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

*Source: Eurostat.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 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.

ihsmarkit.com/products/pmi.html

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.