

IHS Markit Eurozone Composite PMI®

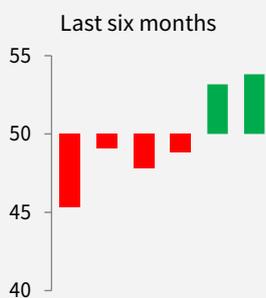
Eurozone private sector growth continues to strengthen in April

Key findings

Eurozone Composite Output Index: **53.8**

Eurozone Services Business Activity Index: **50.5**

Eurozone Composite Output Index



Growth of the eurozone private sector economy improved during April, with latest data indicating the fastest expansion since last July and the second best in over two-and-a-half years. This was highlighted by the IHS Markit Eurozone PMI® Composite Output Index recording 53.8, up from 53.2 in March.

The index has now signalled growth for two consecutive months and latest data indicated concurrent activity gains in both manufacturing and service sectors. Goods producers continued to lead the way, with output rising at a rate little-changed on March's survey record. Service sector output returned to growth following seven months of continuous contraction, although the gain was only marginal overall.

Germany again led the way in terms of overall growth, expanding at a marked pace with growth underpinned by a strongly performing manufacturing economy.

Spain meanwhile saw growth improve to its strongest for over two years as service providers experienced a bounce in activity ahead of planned business reopening and in line with expectations of a relaxation of Covid restrictions.

France and Italy meanwhile registered modest growth of overall private sector output during April, with the gain in France the best seen in the past eight months.

Supporting the increase in overall eurozone private sector activity was a second successive monthly rise in new orders, the strongest recorded for over two-and-a-half years. Higher sales were reported in both domestic and international markets with foreign business rising at a rate little-changed on March's series record level.

With new work continuing to increase in April, firms registered a further rise in backlogs of work, especially those based in manufacturing where delays in the delivery of inputs constrained production. The rate of growth was also the sharpest for 39 months, and helped explain why companies took on additional workers. April's survey indicated that staffing levels rose for a third month in succession and to the strongest degree for two years.

Growing confidence in the outlook also encouraged firms to bolster payroll numbers. April's survey indicated that confidence about the outlook was at its highest since composite data were first available in mid-2012.

Meanwhile, cost inflation intensified during April with latest data showing that operating expenses rose to the greatest degree for ten years. In part reflective of growing market demand, firms were able to pass on some of their increased costs to clients in the form of higher charges. Latest data showed that output prices rose to the greatest degree since February 2018.

Composite Output Index

sa, >50 = growth since previous month



IHS Markit Eurozone Manufacturing PMI®

Eurozone manufacturing PMI hits fresh survey record high in April

The eurozone manufacturing economy registered another stellar performance in April, with operating conditions improving at a rate that surpassed March's survey record. This was signalled by the seasonally adjusted headline PMI® which improved to 62.9, up from 62.5 in March and its highest ever recorded level (survey data have been available since June 1997). It was also the tenth successive month that the index has posted above the 50.0 no-change mark.

Growth was again broad-based per market group, with both the investment and intermediate goods categories registering considerable gains. Moreover, the improvement seen in investment goods was the strongest ever recorded. Consumer goods meanwhile saw a marked improvement in operating conditions, though growth lagged the two other categories covered by the survey.

The Netherlands led the way in terms of absolute PMI readings, posting a new record for that survey, followed by Germany which experienced a slight fall in its headline index since the previous month. Growth momentum was nonetheless seen across most nations, with Italy and Austria also posting survey highs in April.

Growth rates for both aggregate manufacturing output and new orders remained close to March's survey records as firms reported rising market confidence. New order books expanded sharply amid evidence that both manufacturers and clients are anticipating a sharp rise in activity over the coming months, as restrictions related to COVID-19 are relaxed. Moreover, growth came from both domestic and international sources: new export orders* rose again at a considerable pace in April.

Production growth was limited to some degree by capacity constraints, in turn partly the result of stretched supply chains. April saw average lead times for the delivery of inputs deteriorate to a degree unsurpassed in the survey's history. A mismatch of supply and demand, allied with ongoing challenges in transportation networks, especially for sea freight, were widely reported as causal factors.

Product shortages subsequently helped to drive input prices up at a rate beaten only once in the survey history (February 2011). Chemicals, metals, and plastics were amongst those inputs reported to be up in price and this led, alongside growing confidence in the outlook, to companies raising their own charges to the strongest degree in over 18 years of data availability.

Fearful of ongoing shortages in supply, and faced with rising output and order requirements, manufacturers increased their purchasing activity at an unprecedented rate. Firms also chose to utilise their inventories of purchases wherever possible, with stocks being depleted for a twenty-seventh successive month. A drop in stocks of finished goods was also reported as firms struggled to meet rising order book requirements. The decline in inventories was the greatest since December 2009.

With new orders continuing to rise sharply, and production in part constrained by supply-side delays, capacity came under increasing pressure. Backlogs of work rose again at a survey record pace and have now risen for nine months in succession.

In response, companies added to their workforce numbers, increasing payroll numbers for a third successive month. The net gain was also the best since February 2018 with all nations registering higher employment numbers. Growth was strongest in Austria and the Netherlands.

Recruitment was in part influenced by positive projections for the coming 12 months. According to the latest data, manufacturers were at their most optimistic in nearly nine years of data availability amid hopes that successful vaccination programmes will lead to a strong uplift in economic activity.

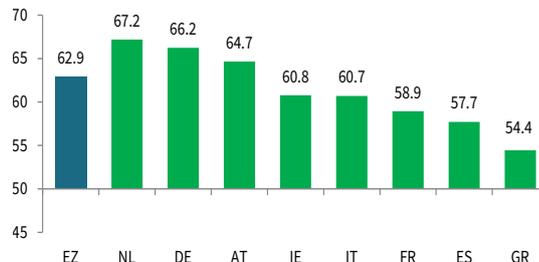
Manufacturing PMI

sa, >50 = improvement since previous month



PMI by nation, April '21

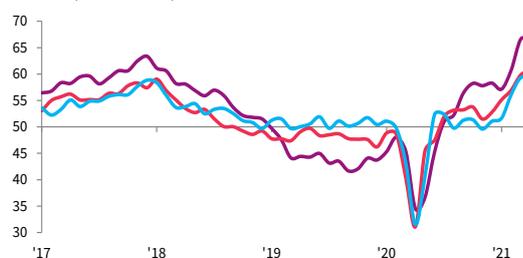
sa, >50 = improvement since previous month



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



* Includes intra-eurozone trade.

IHS Markit Eurozone Services PMI®

Services economy creeps back into a slight growth

Services Business Activity Index



The IHS Markit Eurozone PMI® Services Business Activity Index edged back above the crucial 50.0 no-change mark in April to signal the first growth in service sector activity since August 2020. That said, at 50.5, up from 49.6 in the previous month, the rate of expansion signalled by the index was marginal.

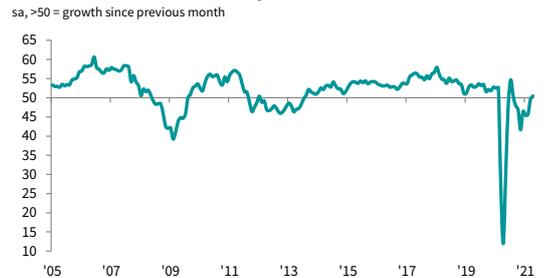
There was some notable divergences in performance by country. Whereas Spain registered a marked rise in activity, Germany and Italy experienced contractions. Marginal growth was seen in France.

The weak increase in regional activity overall reflected ongoing softness in levels of incoming new business. Although only marginal, new orders overall declined for a ninth successive month. Foreign demand remained a source of weakness: new export business fell for a thirty-second successive month.

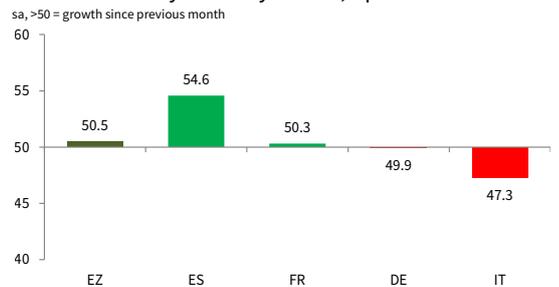
Nonetheless, increasing confidence about the future led to a strengthening of business expectations to their highest level since May 2017. Positive projections for a rise in activity over the coming months helped to support a solid increase in employment.

Finally, operating expenses rose again in April and to the greatest degree for 15 months. Several firms raised their charges in response, although competitive pressures generally thwarted these efforts. This meant that output charge inflation remained marginal.

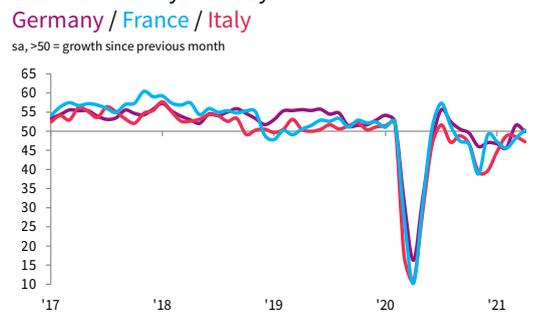
Services Business Activity Index



Business Activity Index by nation, April '21



Business Activity Index by nation



* 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

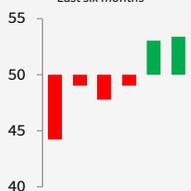
Output Index

Last six months



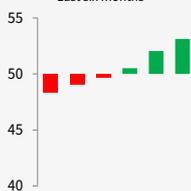
New Business Index

Last six months



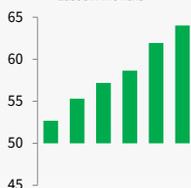
Employment Index

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

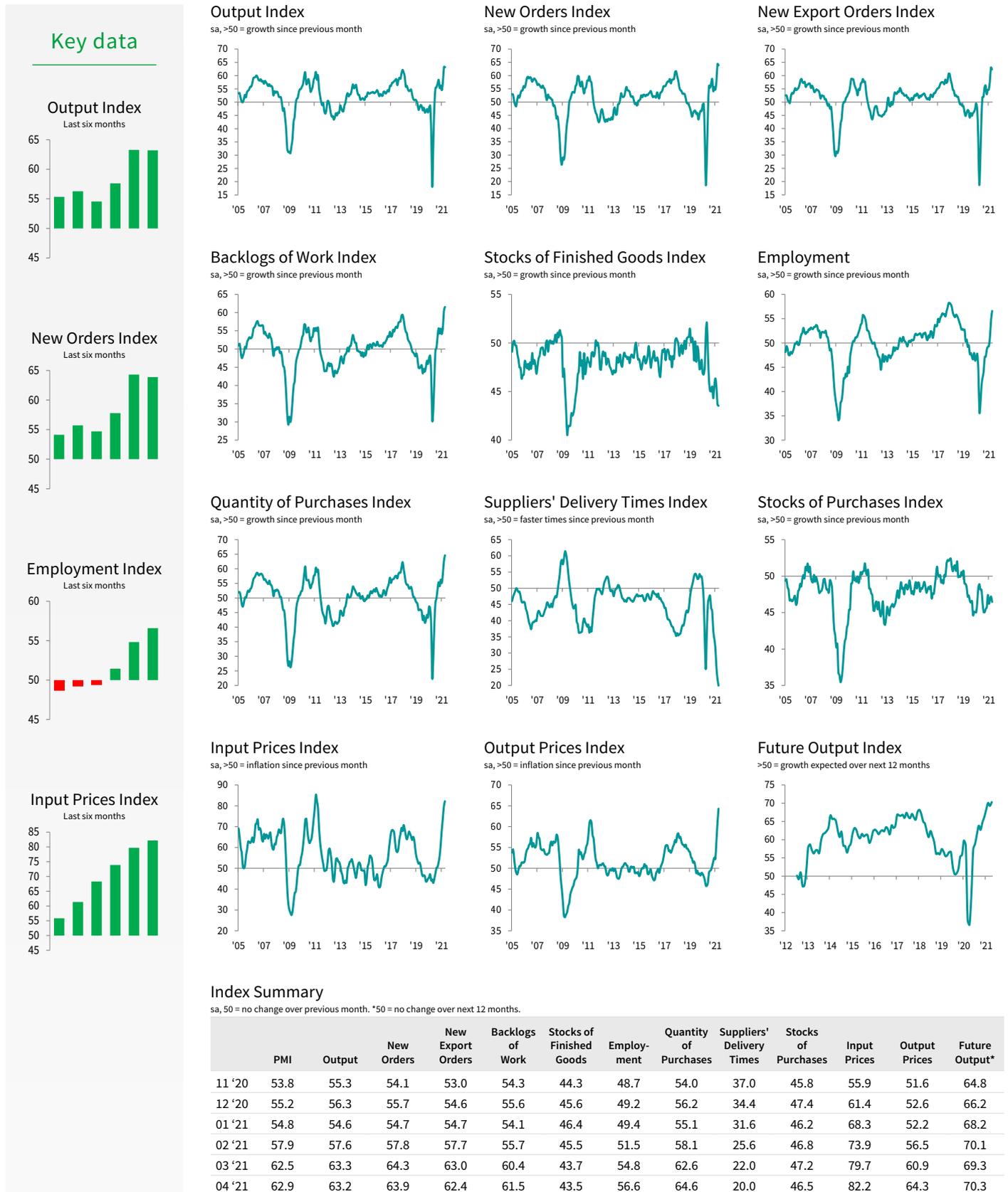


Index Summary

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*
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
03 '21	53.2	53.1	58.2	52.2	52.0	61.9	53.2	67.9
04 '21	53.8	53.4	58.1	53.9	53.1	64.0	54.4	68.9

Manufacturing index summary



Services index summary

Key data

Business Activity Index
Last six months

New Business Index
Last six months

Employment Index
Last six months

Input Prices Index
Last six months

Business Activity Index

sa, >50 = growth since previous month



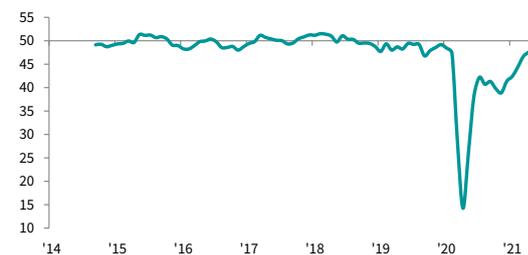
New Business Index

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

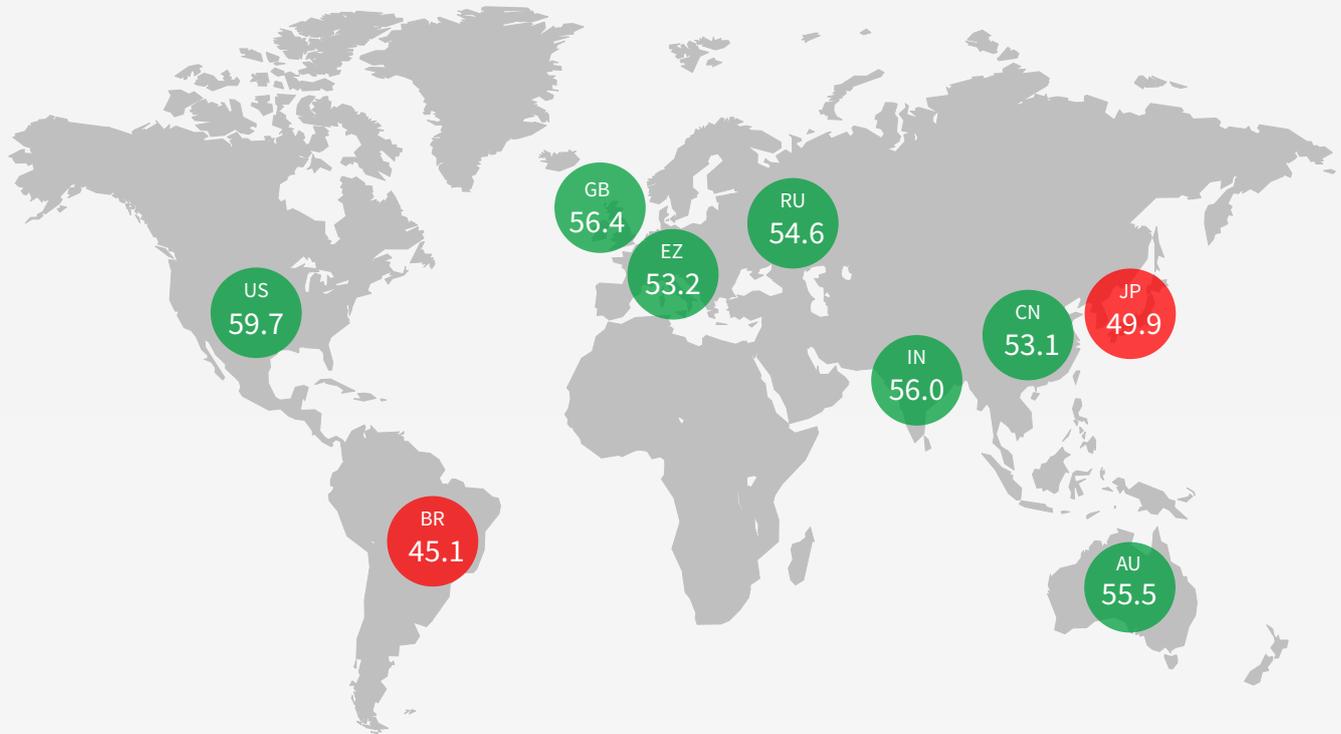
sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Outstanding Business	Employment	Input Prices	Prices Charged	Future Activity*
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
03 '21	49.6	49.1	46.6	49.3	51.1	55.6	50.5	67.4
04 '21	50.5	49.7	47.6	51.3	51.9	57.6	50.9	68.4

International PMI

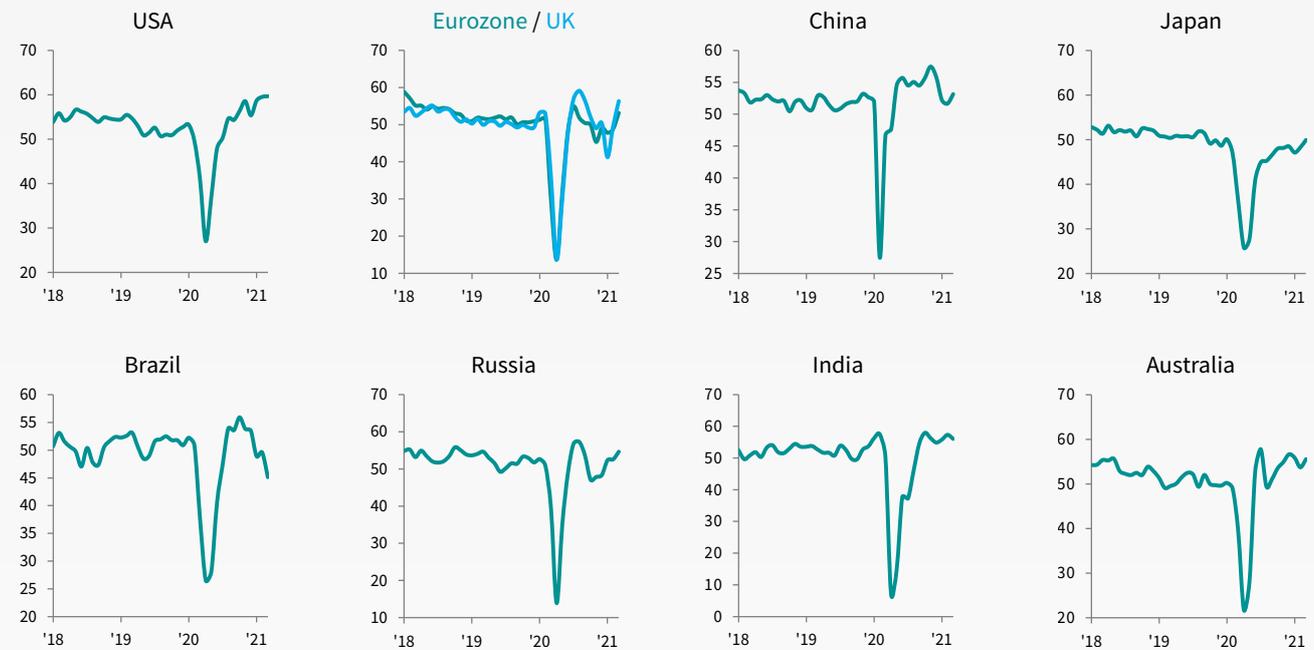
Composite Output Index, Mar '21

sa, >50 = growth since previous month



Composite Output Index

sa, >50 = growth since previous month



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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.

April data were collected 12-27 April 2021.

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

*Source: Eurostat.

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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.

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