

IHS Markit Eurozone Composite PMI®

Eurozone growth hits 15-year high

Key findings

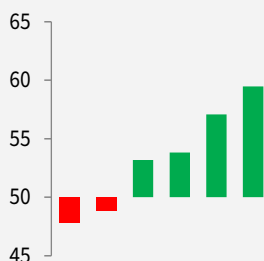
Eurozone Composite Output Index: **59.5**

Eurozone Services Business Activity Index: **58.3**

Eurozone Composite Output Index



Last six months



The eurozone private sector economy expanded at its fastest rate for 15 years during June, underpinned by surging levels of output across both manufacturing and service sectors.

After accounting for seasonal factors, the IHS Markit Eurozone PMI® Composite Output Index recorded a reading of 59.5, up from 57.1 in May. June marked not only the fourth successive month that the index has posted above the 50.0 no-change mark, but the highest index level since June 2006.

The latest strengthening of the index reflected a marginal improvement in growth of manufacturing output (and to a rate that was close to March's survey record) as well as an improvement in service sector expansion to its best since mid-2007.

Ireland registered the fastest rate of output growth, even though it edged down slightly on May's survey record. All other nations monitored recorded firmer gains in composite activity, led by Spain – the best since February 2000 – and Germany, where growth hit its highest for over a decade. Italy and France both registered their best performances for nearly three-and-a-half years.

Levels of incoming new business placed with private sector companies in the eurozone rose at a substantial pace. Growth was the best for 21 years, according to June's survey data.

Moreover, there were reported gains from both domestic and international demand sources over the month. New export business, driven in the main by strong manufacturing performance, rose at the sharpest rate since composite data were first available in September 2014.

Capacity inevitably came under pressure over the month, as evidenced by a rise in backlogs of work for the fourth successive month and at a new series record pace (combined backlogs of work data for the private sector were first collected in November 2002).

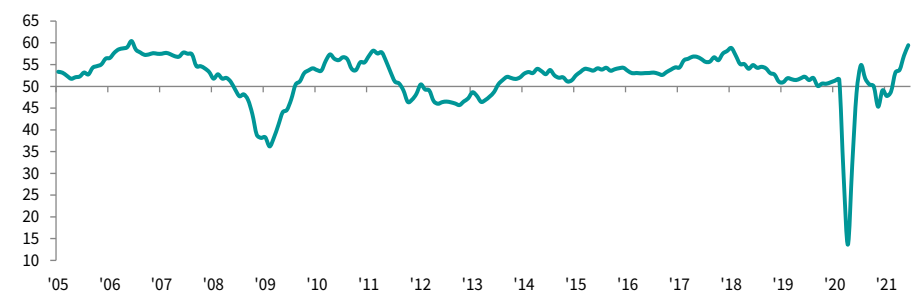
Staffing levels were subsequently increased for a fifth successive month. The rate of expansion strengthened also, reaching its highest level since the start of 2018. Ireland, Germany and Spain led the way in terms of employment growth.

Confidence in the outlook improved to its highest ever recorded level during June (since mid-2012), as firms signalled optimism that activity will continue to rise sharply in the coming months.

However, cost pressures remained a concern: operating expenses rose in June at a historically elevated rate, with inflation hitting its strongest since September 2000. This helped drive output charges up to the sharpest degree in nearly 19 years of data availability.

Composite Output Index

sa, >50 = growth since previous month



IHS Markit Eurozone Manufacturing PMI®

Eurozone manufacturing PMI sets fresh record high in June

Manufacturing PMI

JUNE
63.4
May: 63.1

Last six months

Growth of the eurozone manufacturing sector hit new heights during June, with the headline PMI® setting a fresh survey record for a fourth successive month. After accounting for seasonal factors, the PMI® improved to 63.4, up from 63.1 in May. June marked a twelfth successive month that the index has posted above the 50.0 no-change mark that separates growth from contraction.

Once again, all three market groups registered noticeable improvements in operating conditions. In line with recent trends, it was investment goods producers that recorded the strongest growth, followed by intermediate goods which registered its best PMI reading in the survey history. Consumer goods continued to lag, though growth here was still the sharpest since June 2000.

The Netherlands continued to lead the way in terms of outright PMI numbers although, in line with several other nations, saw a slight fall in its headline index from May's record reading. Austria was the second-best performing and set a respective PMI record high for the country in June.

Elsewhere, Germany saw a marginal strengthening of its PMI, whilst Spain and Greece – despite remaining the weakest-performing overall – saw growth rates hit multi-year highs.

Overall production growth in the eurozone's manufacturing sector remained elevated during June, edging up slightly since May to a level close to the survey records registered earlier in the year. Output continued to increase at especially strong rates in both Germany and the Netherlands.

Strong growth in production was again closely linked to positive demand developments, with new orders experiencing their third-fastest ever reported increase during June. Growth remains broad-based, with new export orders* again increasing sharply over the month.

Manufacturers struggled to meet higher sales in June, as evidenced by a near series record increase in backlogs of work. Moreover, supply-side constraints again placed some restrictions on production, as strong global demand continued to weigh heavily on suppliers. Average lead times deteriorated to the second-greatest degree in the survey history during June (surpassed only by May).

Highlighting the strength of demand for inputs, purchasing activity amongst eurozone manufacturers rose at an unprecedented rate during June, although firms still had to dip into their existing inventories with input stocks declining again. Manufacturers also chose to meet sales directly out of warehouse stock wherever possible to satisfy demand: latest data showed that inventories of finished goods deteriorated to the greatest degree since August 2009.

The combination of limited supply and strong demand for inputs underpinned another survey-record increase in input prices. With market demand for manufactured goods strong, firms were also able to raise their own charges to an unprecedented degree.

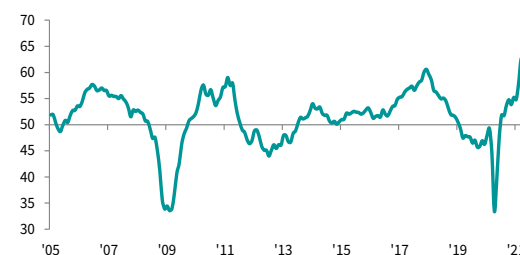
The combination of rising production and new order requirements, plus capacity pressures, encouraged firms to take on additional staff. Latest data showed overall employment rising at the strongest rate recorded by the survey to date. Austria and the Netherlands led the way in terms of employment growth.

Finally, confidence about future output edged higher in June reaching a level that was close to April's survey record. Manufacturers remain optimistic that the continued reopening of economies as the negative effects of the pandemic recede will bolster output and sales in the next year.

* Includes intra-eurozone trade.

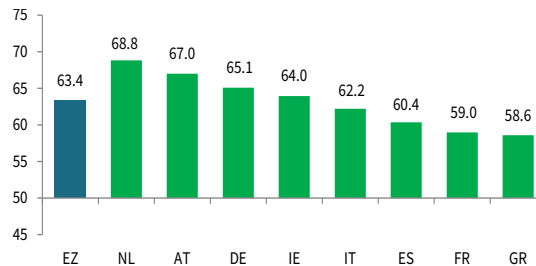
Manufacturing PMI

sa, >50 = improvement since previous month



PMI by nation, June '21

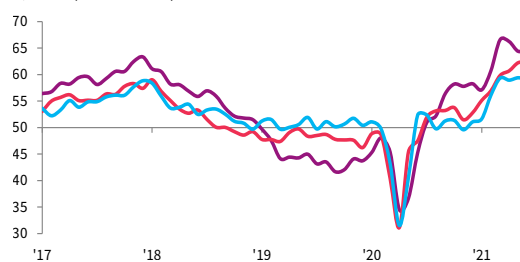
sa, >50 = improvement since previous month



PMI by nation

Germany / France / Italy

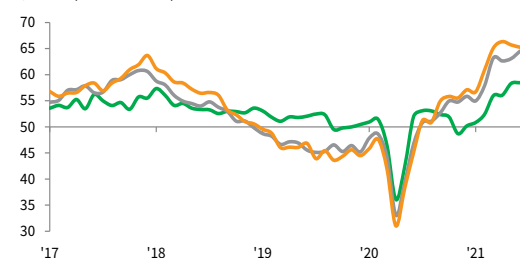
sa, >50 = improvement since previous month



PMI by goods sector

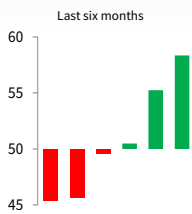
Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



IHS Markit Eurozone Services PMI®

Services Business Activity Index



In June, services activity reaches the highest level since July 2007

The IHS Markit Eurozone PMI® Services Business Activity Index remained comfortably above the 50.0 no-change mark during June, reaching its highest level since July 2007. After accounting for seasonal factors, the index recorded 58.3, up from 55.2 and signalling growth for a third successive month.

Once again, all nations recorded noticeable increases in activity, led by Ireland and Spain. The general easing of COVID-19 restrictions helped to support market activity, according to panellists. This helped to support a noticeable and accelerated increase in new business volumes. Growth in new work was the best recorded by the survey since July 2007.

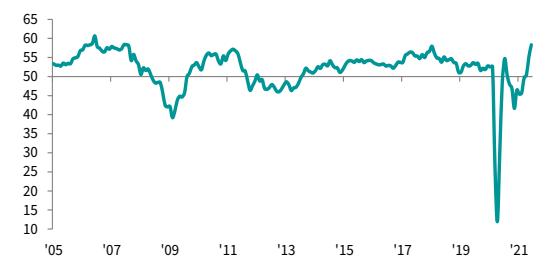
Capacity did, however, come under noticeable pressure as evidenced by a rise in backlogs of work outstanding for the third month in succession. The net increase was the sharpest recorded since May 2000 and encouraged firms to take on additional staff. Employment in the service sector overall rose for a fifth successive month and growth accelerated to the strongest since October 2018.

Increased demand for staff led to some wage pressures and, along with generally higher prices for goods, fuel and utilities, operating expenses rose at the strongest rate since July 2008. Output charges were raised in response to the greatest degree since October 2000.

Finally, business confidence[†] about the future was the best since August 2000 as firms grew increasingly confident that the recent positive trend in activity will be sustained as the adverse economic effects of the pandemic recede.

Services Business Activity Index

sa, >50 = growth since previous month



Business Activity Index by nation, June '21

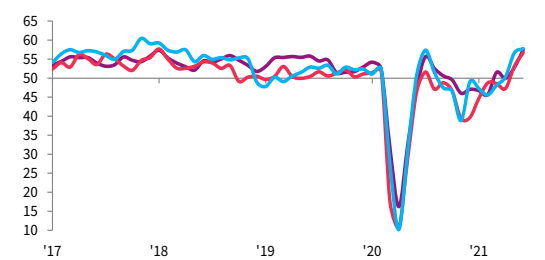
sa, >50 = growth since previous month



Business Activity Index by nation

Germany / France / Italy

sa, >50 = growth since previous month

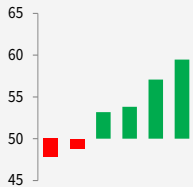


[†] for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

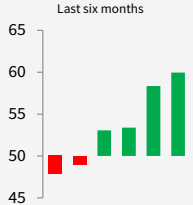
Composite index summary

Key data

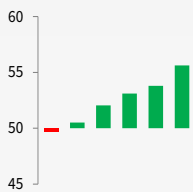
Output Index
Last six months



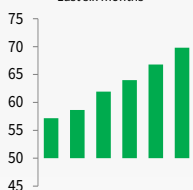
New Business Index
Last six months



Employment Index
Last six months

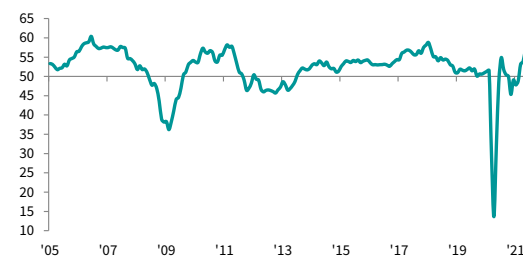


Input Prices Index
Last six months



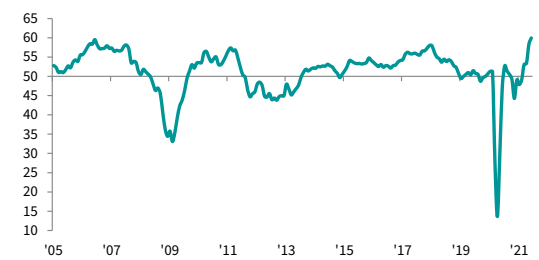
Output Index

sa, >50 = growth since previous month



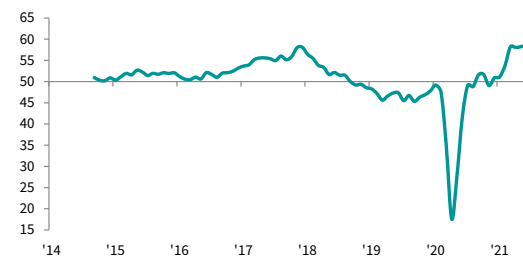
New Business Index

sa, >50 = growth since previous month



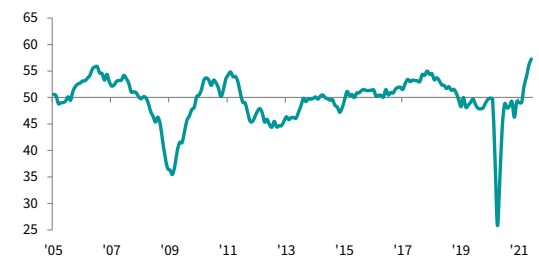
New Export Business Index

sa, >50 = growth since previous month



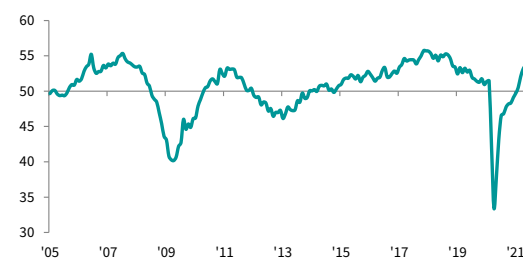
Outstanding Business Index

sa, >50 = growth since previous month



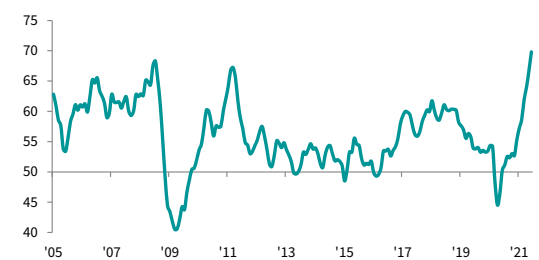
Employment Index

sa, >50 = growth since previous month



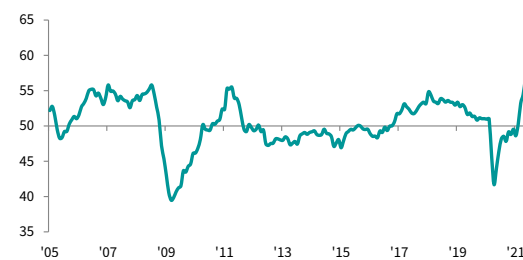
Input Prices Index

sa, >50 = inflation since previous month



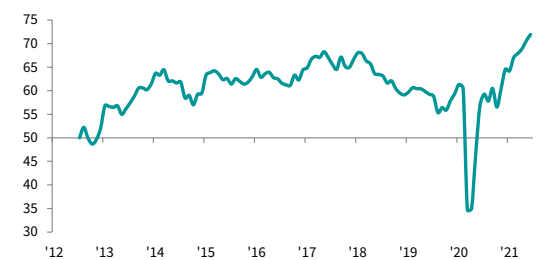
Prices Charged Index

sa, >50 = inflation since previous month



Future Output Index

>50 = growth expected over next 12 months

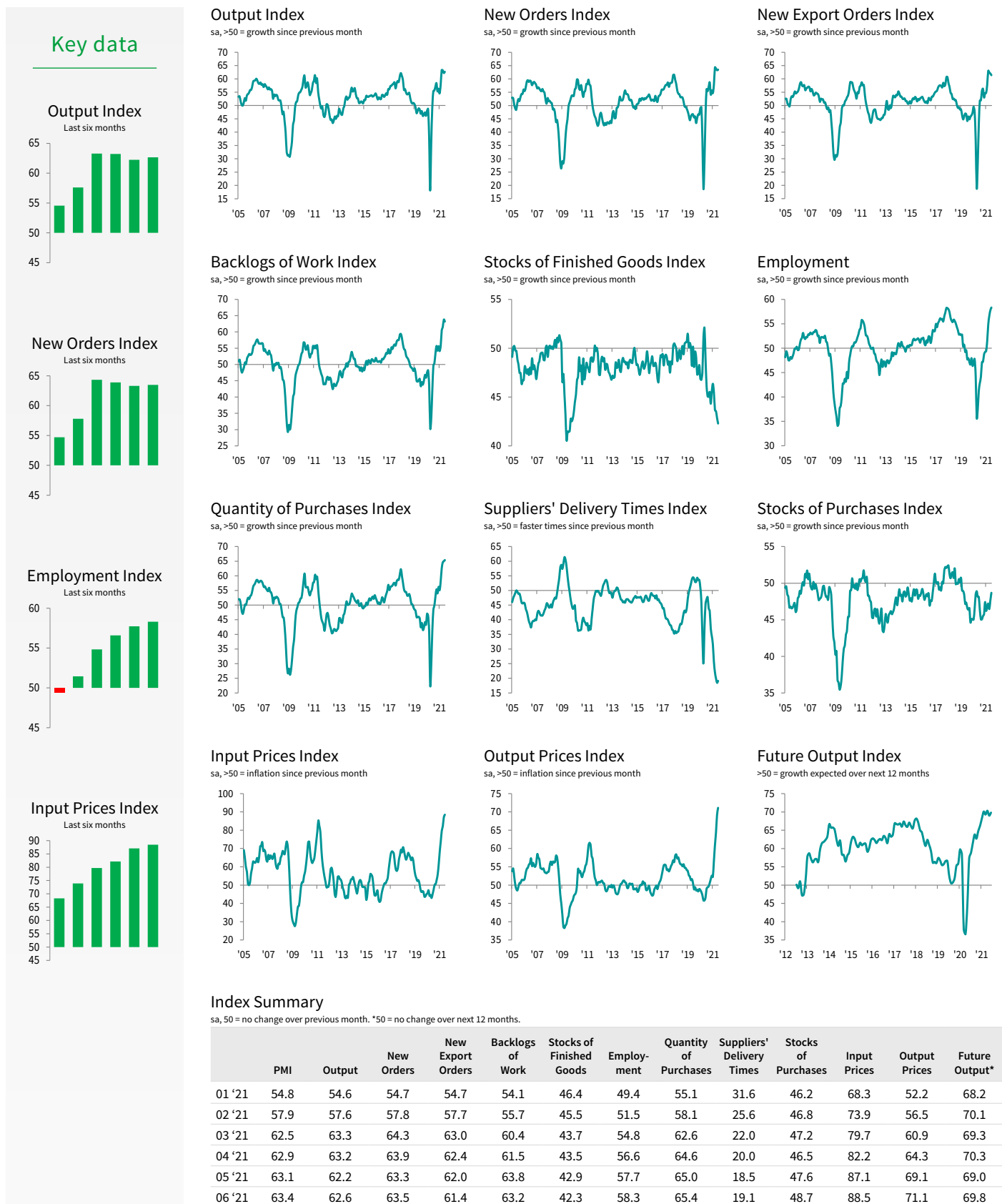


Index Summary

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*
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
05 '21	57.1	58.4	58.3	56.2	53.8	66.8	56.9	70.6
06 '21	59.5	60.0	58.7	57.3	55.6	69.8	59.7	71.9

Manufacturing index summary

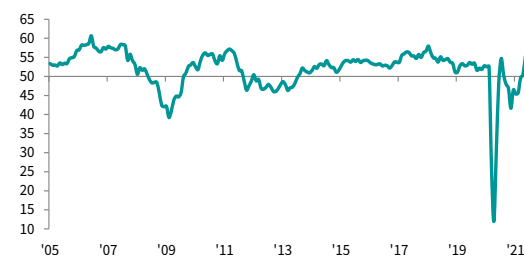


Services index summary



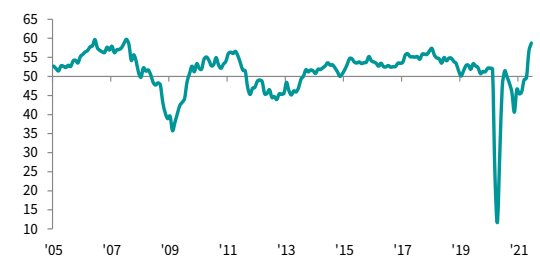
Business Activity Index

sa, >50 = growth since previous month



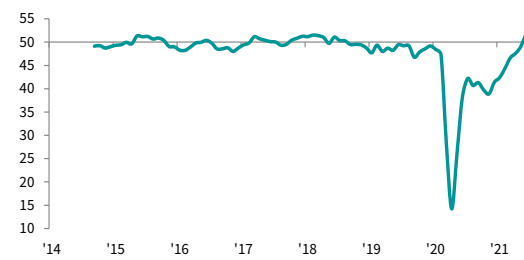
New Business Index

sa, >50 = growth since previous month



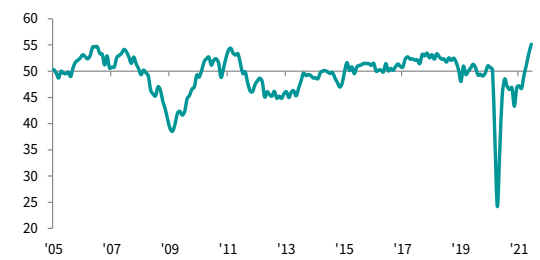
New Export Business Index

sa, >50 = growth since previous month



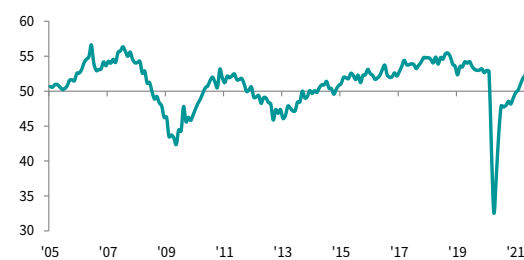
Outstanding Business Index

sa, >50 = growth since previous month



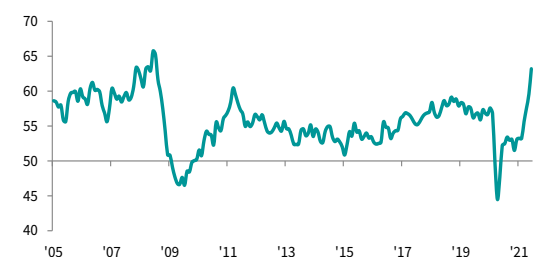
Employment Index

sa, >50 = growth since previous month



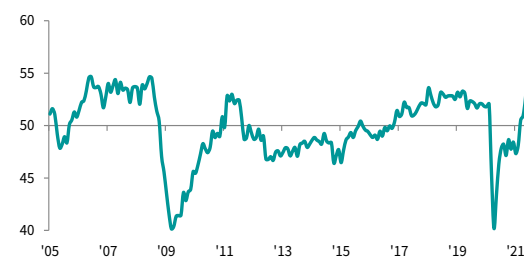
Input Prices Index

sa, >50 = inflation since previous month



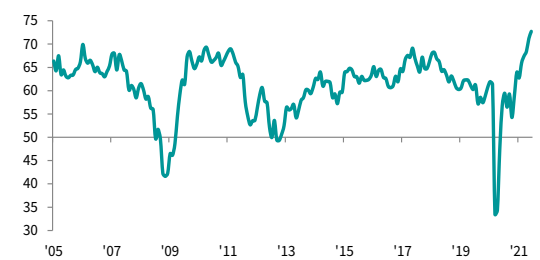
Prices Charged Index

sa, >50 = inflation since previous month



Future Activity Index

>50 = growth expected over next 12 months



Index Summary

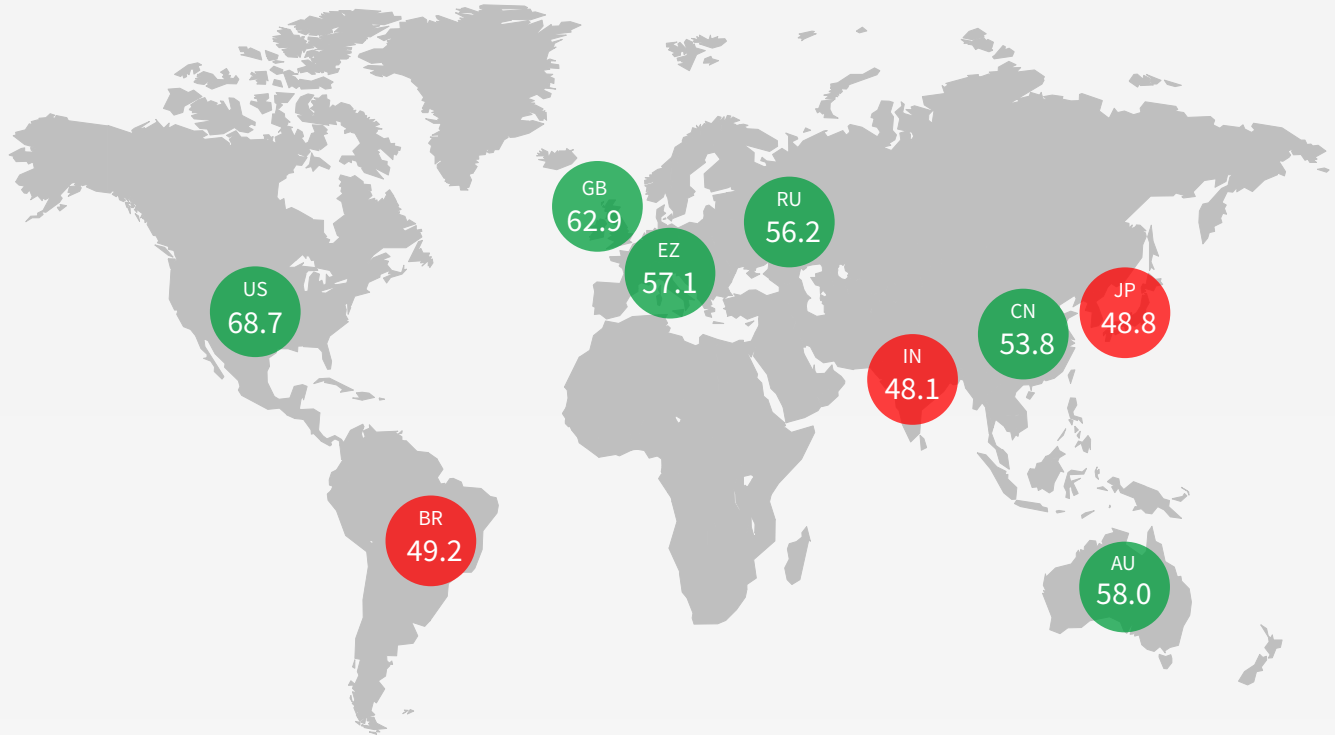
sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Outstanding Business	Employment	Input Prices	Prices Charged	Future Activity*
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
05 '21	55.2	56.6	49.1	53.5	52.4	59.6	52.6	71.2
06 '21	58.3	58.7	52.0	55.2	54.7	63.2	55.6	72.7

International PMI

Composite Output Index, May '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.

June data were collected 11-25 June 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.

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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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