

IHS Markit Eurozone Composite PMI®

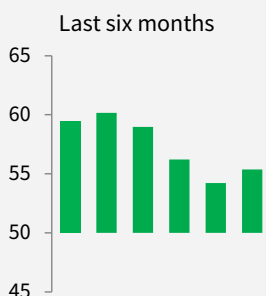
Stronger growth in November masks disjointed recoveries by nation and sector

Key findings

Eurozone Composite Output Index: **55.4**

Eurozone Services Business Activity Index: **55.9**

Eurozone Composite Output Index



Having slowed sharply since peaking in July, economic growth across the euro area re-accelerated November, according to the latest PMI® survey. Overall, the rate of expansion was solid and remained above its historical average, primarily reflecting resilience in the service sector as manufacturers were heavily impeded by severe supply-related constraints.

However, the strongest rates of growth were seen away from the two largest euro area economies monitored by the survey, with Germany in particular recording a weak rate of growth in November.

Meanwhile, there was a further intensification of price pressures across the eurozone in November, with rates of output charge and input cost inflation both accelerating to fresh highs.

After accounting for seasonal factors, the IHS Markit Eurozone PMI® Composite Output Index rose to 55.4 in November, from 54.2 in October, indicating a solid and accelerated rate of economic expansion across the euro area. On a positive note, the faster increase ended a three-month sequence of slowing growth in which the headline index shed six points.

That said, solid growth at face value was primarily a reflection of the service sector's performance, masking the second-softest increase in manufacturing production since its recovery began in July 2020.

As well as sectoral growth differences, data split by member states monitored by the survey also varied notably during November. Ireland registered the fastest expansion in combined

manufacturing and services output, despite slowing to a seven-month low. Meanwhile, Spain, Italy and France all recorded quicker upturns which were well in excess of their historical averages. However, it was in the currency bloc's largest economy, Germany, where the slowest expansion was seen. Growth here was little-changed from October's eight-month low.

Back to the eurozone as a whole, new business inflows continued to rise during November. However, the rate of increase was the weakest since April and represented a continued slowdown from July, where growth was at its strongest for over 21 years. A slower increase in new export business was also recorded.

Nevertheless, capacity pressures grew once again, with backlogs of work increasing for a ninth month in succession. Volumes of outstanding work rose at a particularly sharp rate at manufacturers as supply constraints held back production.

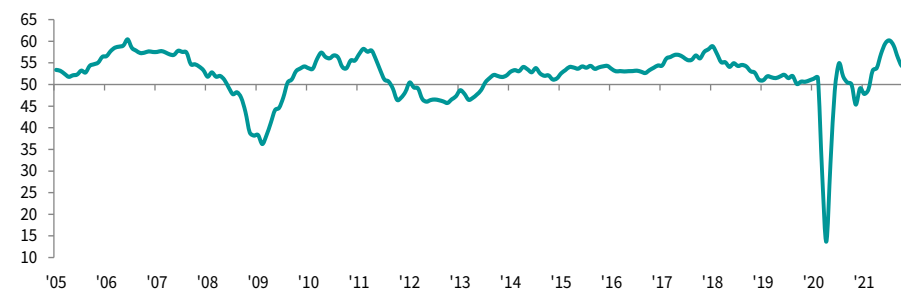
Still, further robust jobs growth was recorded in November as businesses continued in their efforts to boost capacities and make inroads into their backlogs. Strong rates of employment growth were seen at both manufacturers and service providers.

Elsewhere, intense price pressures remained widespread across the euro area, with rates of output charge and input cost inflation accelerating to new survey highs in November.

Lastly, business confidence* weakened to a ten-month low in November, reflecting a deterioration in sentiment at service providers.

Composite Output Index

sa, >50 = growth since previous month



IHS Markit Eurozone Manufacturing PMI®

Manufacturing growth broadly stabilises during November as factories battle with harsh supply headwinds

Eurozone manufacturing sector growth stabilised in November, latest PMI® data showed, following a four-month slowdown from June's record expansion. However, factory operations across the euro area continued to be hindered by severe supply-related constraints.

The IHS Markit Eurozone Manufacturing PMI increased from 58.3 in October to 58.4 in November, marking the first rise in the headline index since June. However, aside from the positive direction change, the latest data marked the second-slowest expansion since February.

Data split by the three broad market groups showed further growth slowdowns at intermediate and investment goods makers, while consumer goods producers recorded an accelerated expansion.

Monitored euro area constituents continued to record strong-to-sharp rates of expansion in their manufacturing sectors during November. Italy was the clear stand-out performer, with growth here accelerating to a survey high, surpassing the previous peak set May and the improvements seen in other nations. Greece meanwhile registered one of its fastest expansions on record, despite a fractional easing. Elsewhere growth rates tended to slow compared with those seen earlier in 2021.

Eurozone manufacturing production rose solidly during November, according to the latest survey data. The rate of increase picked up from October – but was the second-weakest in the current 17-month growth sequence.

A similar trend was observed in manufacturers' new order inflows during November, where despite the rate of growth quickening, it was still subdued relative to those seen earlier in 2021. Anecdotal data suggested that weaker improvements in demand were reflective of some normalisation from exceptional growth previously, although others attributed softer new order intakes to supply-related issues and in some cases, increased prices.

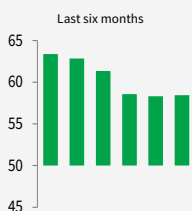
However, new business continued to increase at a rate that was comfortably above its long-run average. This contributed to another steep rise in the level of work outstanding at eurozone manufacturers in November, and also underpinned a strong boost in staffing numbers.

Meanwhile, as has been the case in recent surveys, the latest data showed still-considerable pressures being placed on suppliers. Average input lead times lengthened to a substantial extent once again, reflecting a multitude of factors including material shortages, poor transport availability and staffing issues at vendors.

Nevertheless, both purchases and stocks of inputs increased at sharper rates during November. Notably, pre-production inventories were accumulated to the quickest degree since data were first collected in June 1997.

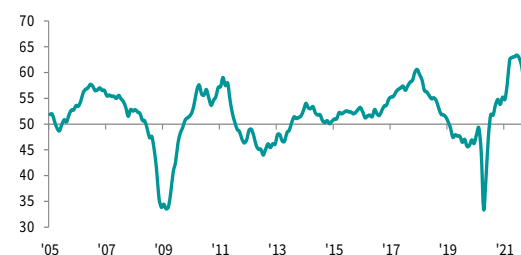
The survey-record increase in stocks came amid another substantial month-on-month rise in costs which was the third-strongest in the series history. To alleviate pressures on margins, output prices were raised to the greatest extent since this series began in November 2002.

Manufacturing PMI



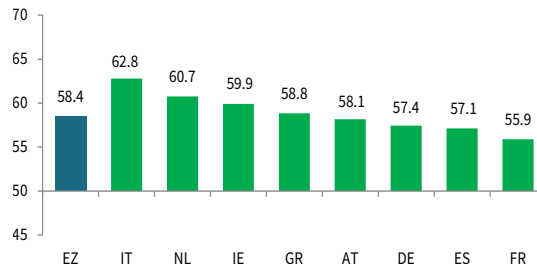
Manufacturing PMI

sa, >50 = improvement since previous month



PMI by nation, November '21

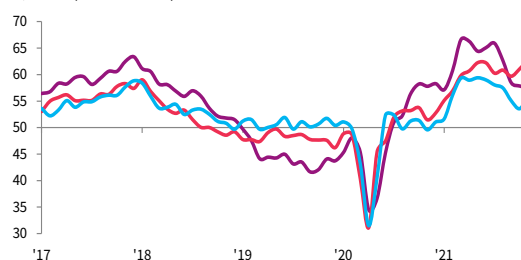
sa, >50 = improvement since previous month



PMI by nation

Germany / France / Italy

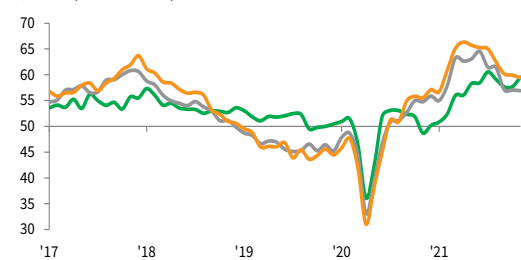
sa, >50 = improvement since previous month



PMI by goods sector

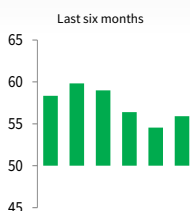
Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



IHS Markit Eurozone Services PMI®

Services Business Activity Index



Services activity growth increases in November while pressure on capacity builds up and inflation rates reach new survey highs

The IHS Markit Eurozone PMI® Services Business Activity Index increased to 55.9 in November, from 54.6 in October, signalling a solid rate of expansion in output at euro area service providers. Although this was markedly weaker than the growth rates seen in the second and third quarter, November still achieved a rate of growth which was above the survey’s historical average.

Demand for services increased for a seventh straight month in November, although the expansion was the weakest over this period. New orders from foreign clients also rose, albeit only marginally.

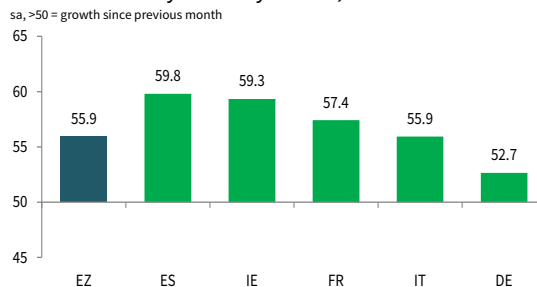
Nonetheless, capacity pressures continued to build, while firms hired additional staff to support the provision of their services. The rate of jobs growth was the third-quickest in over 14 years.

Lastly, prices data showed accelerated increases in both output charges and input costs. In both cases, rates of inflation reached new survey highs.

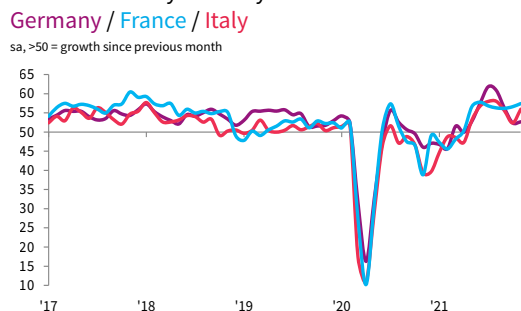
Services Business Activity Index



Business Activity Index by nation, November '21



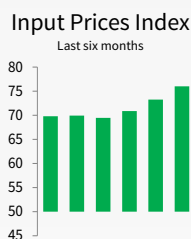
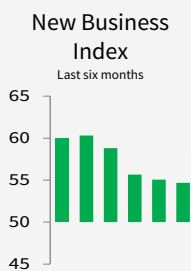
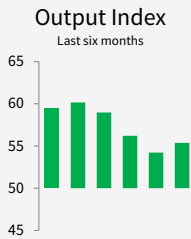
Business Activity Index by nation



* 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.

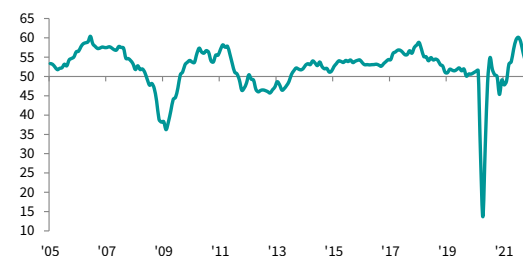
Composite index summary

Key data



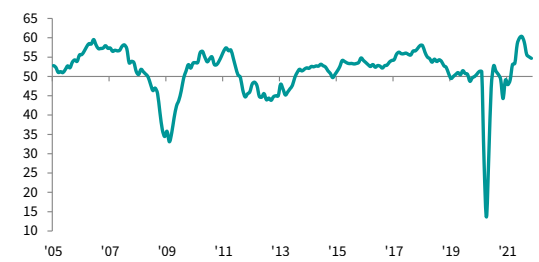
Output Index

sa, >50 = growth since previous month



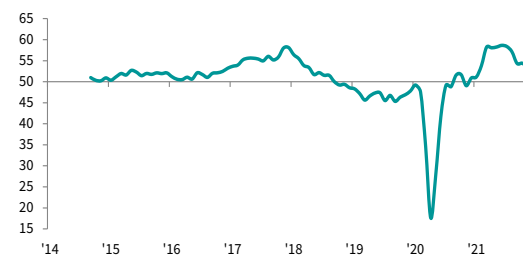
New Business Index

sa, >50 = growth since previous month



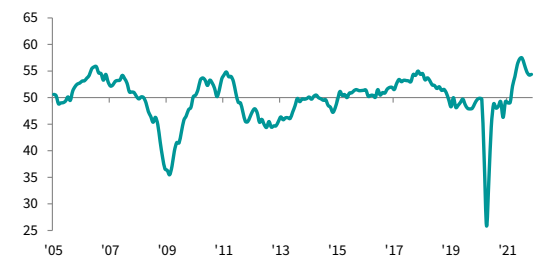
New Export Business Index

sa, >50 = growth since previous month



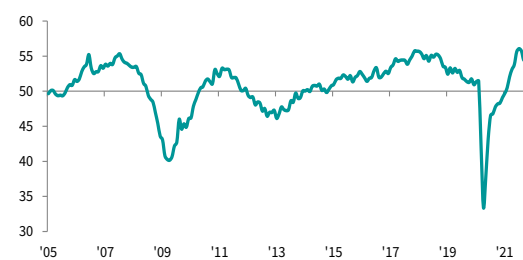
Outstanding Business Index

sa, >50 = growth since previous month



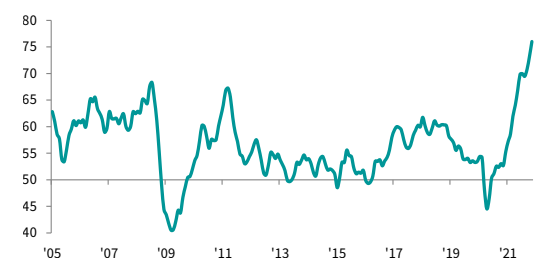
Employment Index

sa, >50 = growth since previous month



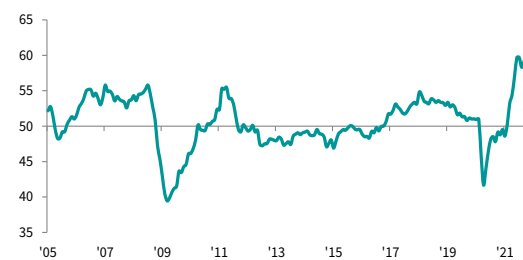
Input Prices Index

sa, >50 = inflation since previous month



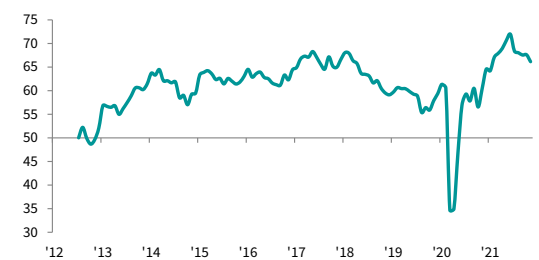
Prices Charged Index

sa, >50 = inflation since previous month



Future Output Index

>50 = growth expected over next 12 months

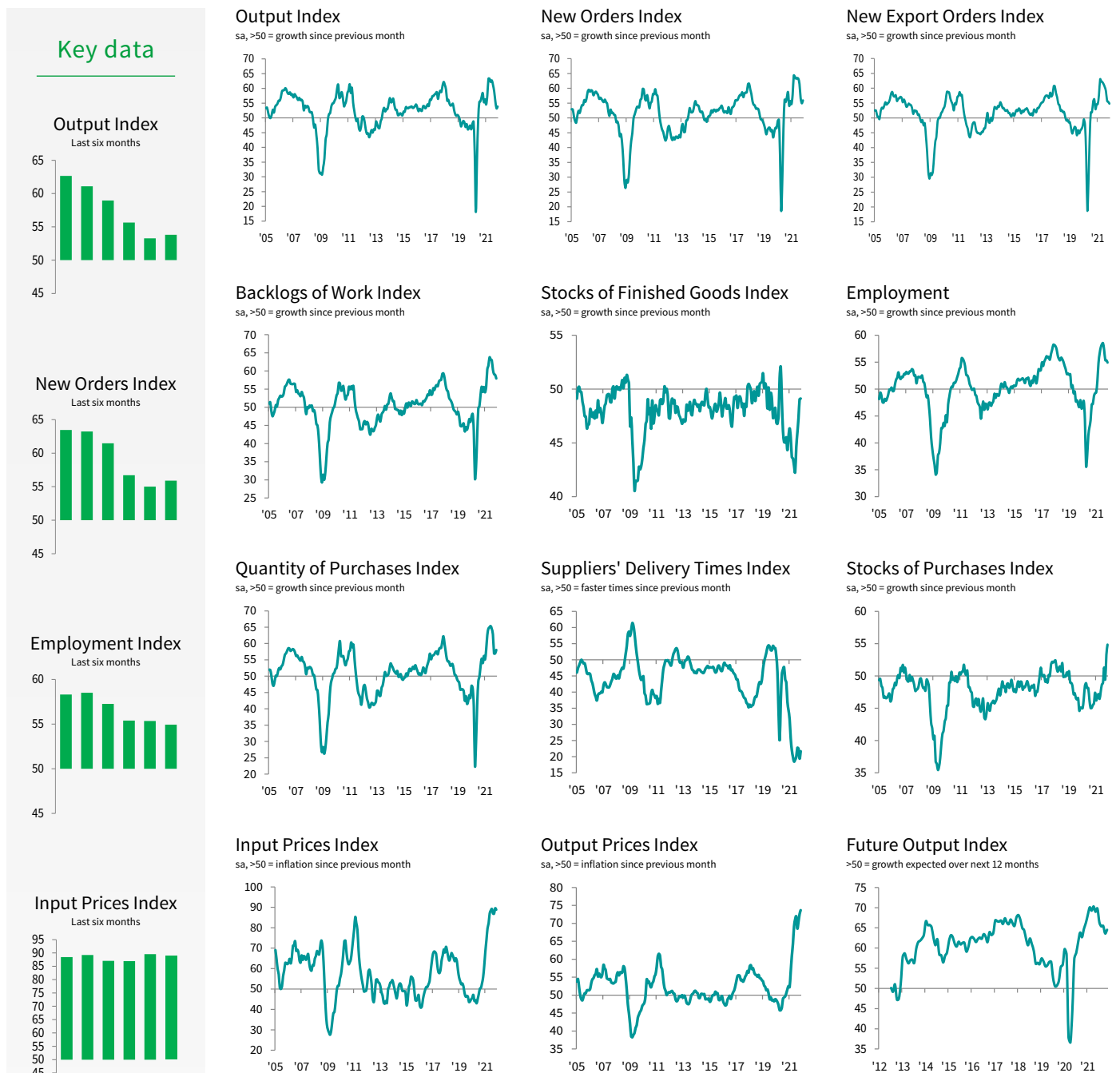


Index Summary

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*
06 '21	59.5	60.0	58.7	57.3	55.6	69.8	59.7	71.9
07 '21	60.2	60.3	58.4	57.5	56.1	69.9	59.7	68.4
08 '21	59.0	58.8	57.1	56.2	55.7	69.5	58.3	68.0
09 '21	56.2	55.7	54.4	54.9	54.4	70.9	59.1	67.5
10 '21	54.2	55.1	54.4	54.3	55.5	73.2	60.2	67.6
11 '21	55.4	54.7	53.7	54.4	55.3	76.0	62.0	66.1

Manufacturing index summary



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*
06 '21	63.4	62.6	63.5	61.4	63.2	42.3	58.3	65.4	19.1	48.7	88.5	71.1	69.8
07 '21	62.8	61.1	63.2	60.4	63.0	44.6	58.5	64.5	20.0	49.0	89.2	71.9	66.4
08 '21	61.4	59.0	61.5	59.1	60.4	46.0	57.3	62.8	22.8	51.3	87.0	68.6	65.4
09 '21	58.6	55.6	56.7	55.8	59.2	47.3	55.4	57.0	22.4	49.5	86.9	70.4	65.5
10 '21	58.3	53.3	55.0	55.4	58.9	49.0	55.4	57.0	19.4	53.3	89.5	72.6	63.6
11 '21	58.4	53.8	55.9	54.9	57.9	49.1	54.9	58.1	21.7	54.8	88.9	73.7	64.5

Services index summary

Key data

Business Activity Index

Last six months

New Business Index

Last six months

Employment Index

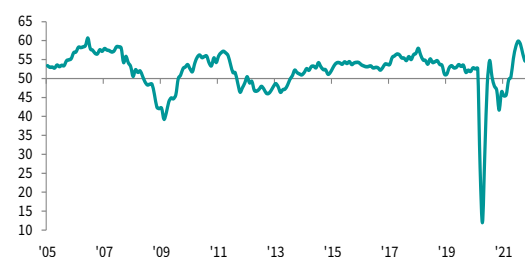
Last six months

Input Prices Index

Last six months

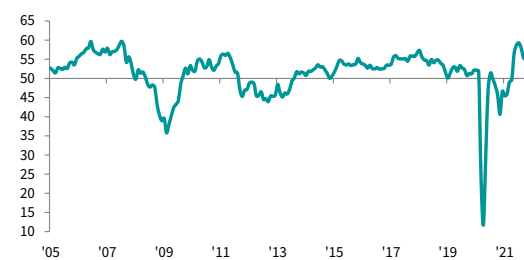
Business Activity Index

sa, >50 = growth since previous month



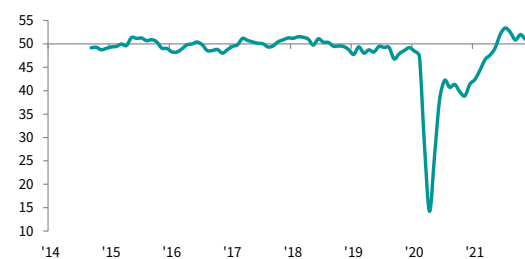
New Business Index

sa, >50 = growth since previous month



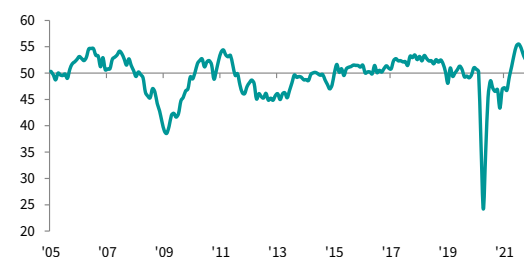
New Export Business Index

sa, >50 = growth since previous month



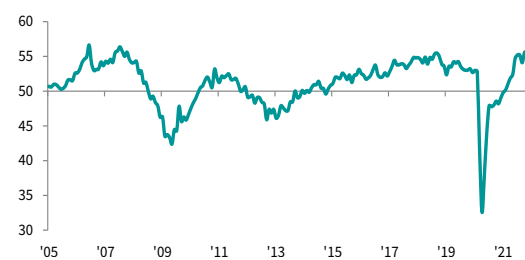
Outstanding Business Index

sa, >50 = growth since previous month



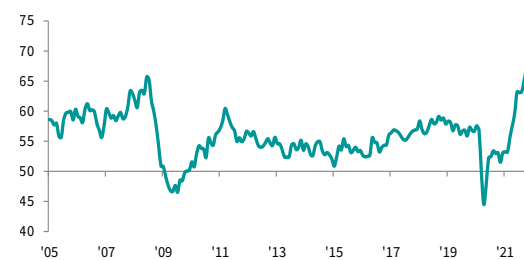
Employment Index

sa, >50 = growth since previous month



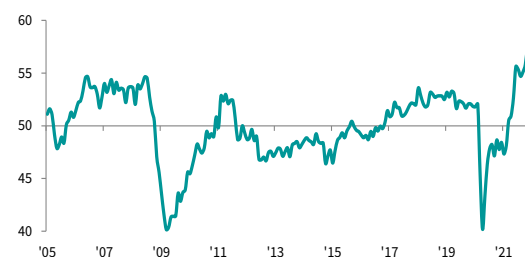
Input Prices Index

sa, >50 = inflation since previous month



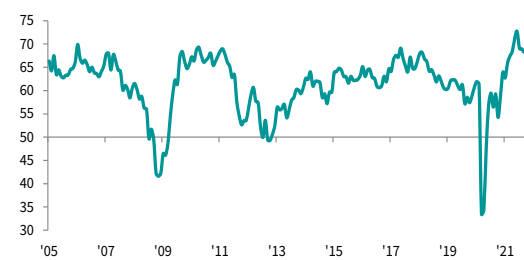
Prices Charged Index

sa, >50 = inflation since previous month



Future Activity Index

>50 = growth expected over next 12 months



Index Summary

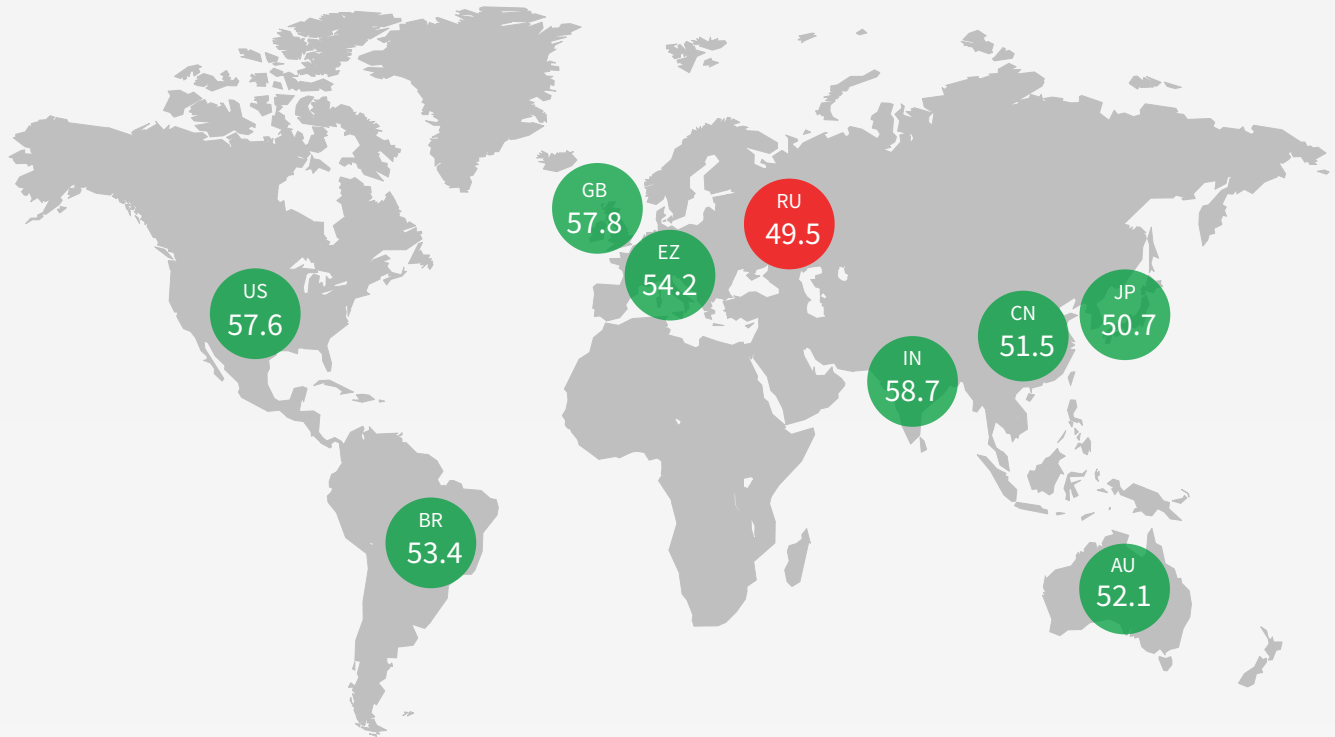
sa, 50 = no change over previous month. *50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Outstanding Business	Employment	Input Prices	Prices Charged	Future Activity*
06 '21	58.3	58.7	52.0	55.2	54.7	63.2	55.6	72.7
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08 '21	59.0	57.9	52.4	54.7	55.2	63.3	54.7	68.9
09 '21	56.4	55.3	50.8	53.4	54.1	65.2	55.1	68.3
10 '21	54.6	55.1	52.0	52.6	55.6	67.5	55.8	69.0
11 '21	55.9	54.2	50.9	53.1	55.4	71.4	57.8	66.7

International PMI

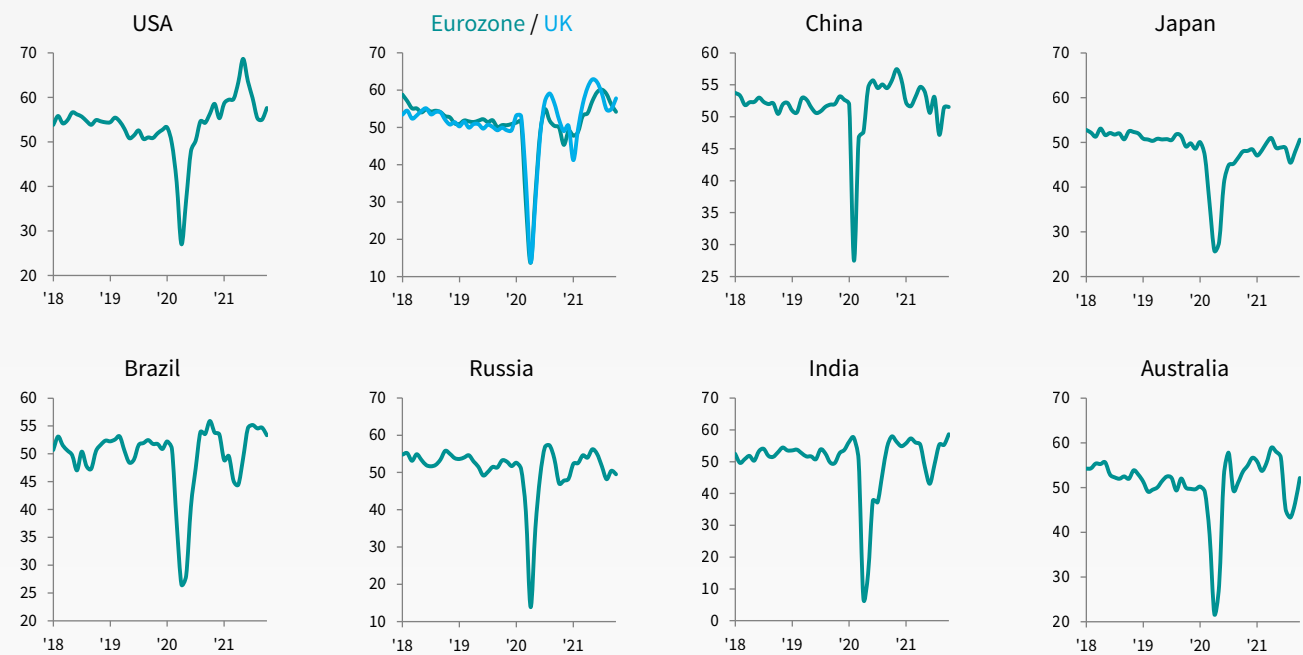
Composite Output Index, Oct '21

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.

November data were collected 10-25 November 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.

<https://ihsmarkit.com/products/pmi.html>

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