

# IHS Markit Eurozone Composite PMI®

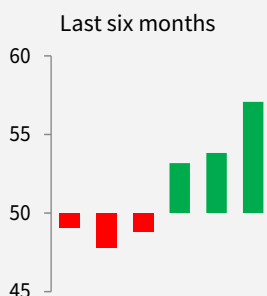
## Services sector drives further acceleration in growth during May

### Key findings

Eurozone Composite Output Index: **57.1**

Eurozone Services Business Activity Index: **55.2**

### Eurozone Composite Output Index



A resurgent services economy helped to drive private sector growth higher during May. After accounting for seasonal factors, the IHS Markit Eurozone PMI® Composite Output Index recorded 57.1, up from 53.8 in April. Not only did May mark a third successive month of expansion, but the best recorded since February 2018.

The upturn in the index was driven in the main by a noticeable acceleration of growth in services activity. May's data indicated a second successive monthly rise in service sector output, and the best recorded for nearly three years. Nonetheless, despite seeing the slowest growth for three months, manufacturing output continued to a rise at a sharper rate than services activity.

At the country level, Ireland led the way, with growth here reaching its highest level in just over 21 years of data collection. Spain also performed strongly, registering its best performance in fourteen-and-a-half years, whilst growth in France hit a ten-month high.

Germany saw growth improve slightly, but it was Italy that recorded the weakest net rise in private sector output despite enjoying the sharpest growth in over three years.

Thanks to continued strength in demand for manufactured goods and a noticeable improvement in services new business, private sector new work rose to the strongest degree since June 2006.

Sales growth was also broad-based by demand source, with gains recorded in both domestic and international markets. New export business rose for a sixth successive month, with the net increase the sharpest since composite data were first available in September 2014.

Such was the rise in new work that companies struggled to keep on top of overall workloads, as evidenced by a rise in backlogs of unfinished business for a third month in succession. The rate of growth also accelerated, reaching its highest level in over 18 years of data availability.

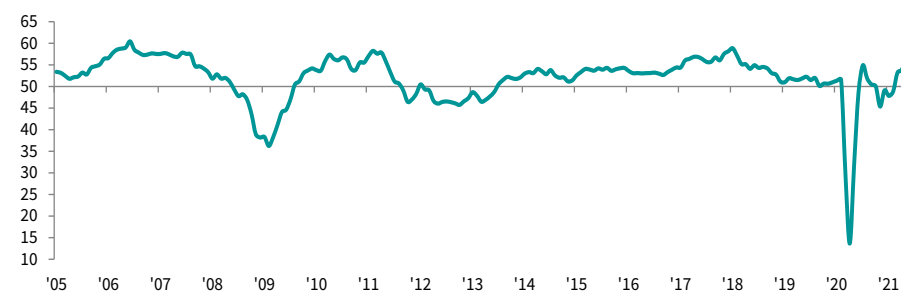
This encouraged companies to take on additional staff for a fourth successive month. The net rise was the sharpest recorded by the survey in over two-and-a-half years, with growth led by Germany and Ireland.

Confidence in the outlook also improved during May, hitting its highest level since comparable data were first available in mid-2012. That was despite signs of continued cost pressures. Input prices overall increased to the sharpest degree in over a decade.

Efforts to pass on higher input costs to clients in the form of increased output prices meant that output prices rose at the strongest rate in the series history.

### Composite Output Index

sa, >50 = growth since previous month



IHS Markit Eurozone Manufacturing PMI®

## Eurozone manufacturing PMI reaches new heights in May

The eurozone manufacturing economy experienced a new record improvement in operating conditions during May. The headline PMI® recorded 63.1, compared to 62.9 in April and its highest reading in the survey history (data for the eurozone have been available since June 1997). The headline index has now recorded readings above the 50.0 no-change mark that separates growth from contraction for 11 months in succession.

All three market groups once again recorded strong improvements in operating conditions during May. Investment goods producers were again the best-performing, registering rapid gains in both output and new orders. The intermediate goods and consumer goods categories both saw stronger growth, with respective PMI readings for May close to survey record highs.

At the country level the Netherlands registered the highest PMI, followed by Austria. In each case, latest readings were respective survey records.

Of the remaining six countries covered by the survey, Ireland and Italy also recorded their highest ever PMI numbers, whilst Greece, France and Spain all registered multi-year peaks. Germany was the only nation to record slower growth, though still managed to register a rate of expansion close to March's survey record.

Growth of manufacturing output was the slowest recorded by the survey for three months, though it nonetheless remained close to March's survey record with production again underpinned by rapid gains in new orders. May's survey indicated that sales rose at the third-strongest rate in the survey history (surpassed only by increases seen in the preceding two months). New order books were swollen by increased demand from across domestic and international markets: new export business\* rose again at a historically sharp pace.

Placing constraints on production activities were ongoing difficulties in sourcing inputs from vendors. Deliveries from suppliers deteriorated at a severe and unprecedented rate during the month, as demand for inputs again exceeded the supply capabilities of vendors.

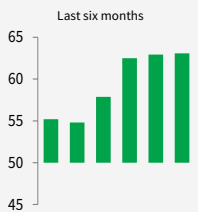
Indeed, purchasing activity amongst eurozone manufacturing firms rose at a fresh survey record rate but, faced with delays in delivery, firms again utilised their existing stocks wherever possible. The result was a twenty-eighth successive monthly fall in input inventories. In a bid to meet strong demand, manufacturers reduced their stocks of finished goods to the sharpest degree recorded by the survey since November 2009.

On the price front, average input costs again rose substantially, with the rate of inflation hitting an unprecedented level in line with widespread product shortages. Boosted by strong market demand, manufacturers took advantage of improved pricing power by raising their own charges at the fastest rate in more than 18 years of data availability.

With new orders rising at a faster rate than output, levels of work outstanding continued to increase in May. Moreover, the rate of growth hit a fresh survey record for the third month running. This encouraged firms to add to their workforce numbers, leading to a net rise in manufacturing employment for the fourth successive survey period. Growth also accelerated, reaching its highest since January 2018. All nations once again registered a rise in staffing levels, with Austria, Ireland and the Netherlands enjoying the sharpest gains.

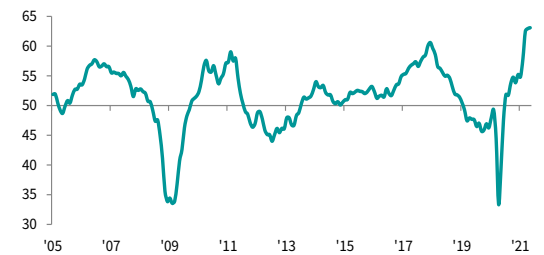
Finally, confidence<sup>†</sup> about the future remained highly positive in May despite easing to its lowest in the past four months. Manufacturers remained buoyed by the potential opportunities over the coming year from the hoped-for further reopening of economies and easing of restrictions related to dealing with the COVID-19 pandemic.

\* Includes intra-eurozone trade.



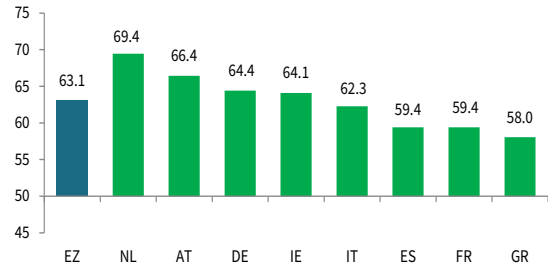
### Manufacturing PMI

sa, >50 = improvement since previous month



### PMI by nation, May '21

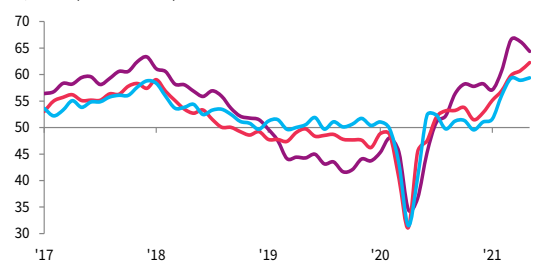
sa, >50 = improvement since previous month



### PMI by nation

Germany / France / Italy

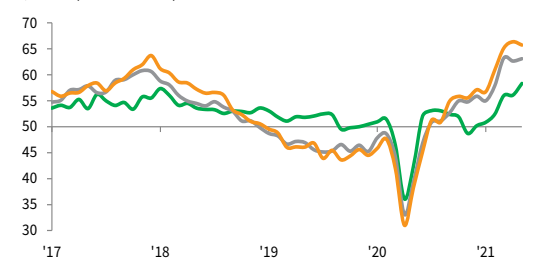
sa, >50 = improvement since previous month



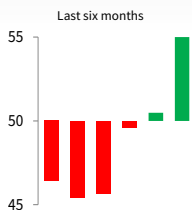
### PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



Services Business Activity Index



## As Covid-19 restrictions ease, services hits highest level in almost three years

May's IHS Markit Eurozone PMI® Services Business Activity Index jumped to its highest level for just under three years in May, recording 55.2, up from 50.5 in the previous month.

All nations recorded an improvement in activity since April, albeit with some considerable differences in growth rates. Ireland and Spain led the way, followed by France. Germany recorded the slowest expansion.

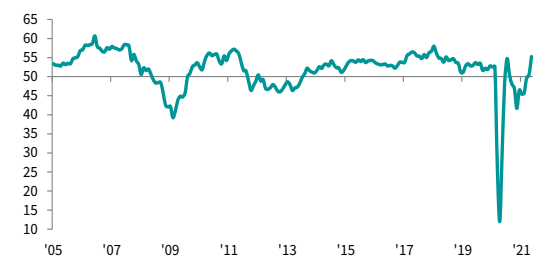
The improvement in overall regional activity coincided with the easing of COVID-19 restrictions across a number of nations during May, which helped not only support output growth, but also a rise in volumes of new business for the first time since last July. Growth was also sharp, and the best seen for 40 months.

Backlogs of work increased as a result, rising for a second month in succession and encouraging companies to take on additional staff for the fourth month running. Overall employment rose solidly and at the strongest rate since February 2020. Positive projections<sup>†</sup> for activity in line with expectations of the successful rollout of vaccination programmes also supported hiring activity. Sentiment was the highest recorded by the survey for over 17 years.

Operating expenses meanwhile rose at the greatest rate for over a decade, as pipeline price pressures were felt in the service sector. Although output charges rose again, the rate of inflation was relatively modest despite hitting a 25-month high.

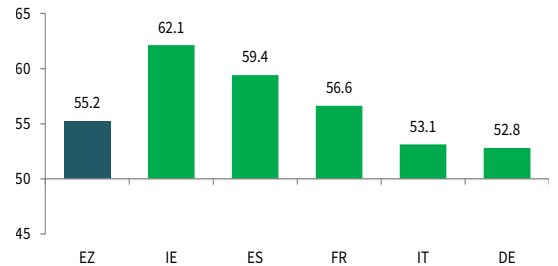
### Services Business Activity Index

sa, >50 = growth since previous month



### Business Activity Index by nation, May '21

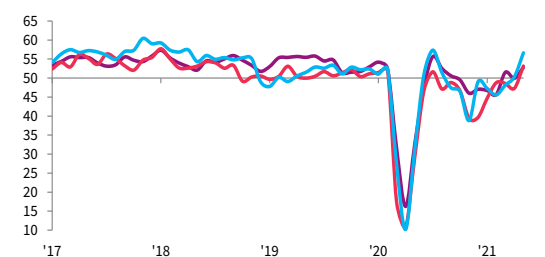
sa, >50 = growth since previous month



### Business Activity Index by nation

Germany / France / Italy

sa, >50 = growth since previous month

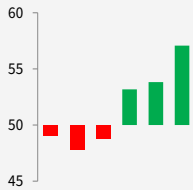


<sup>†</sup> for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

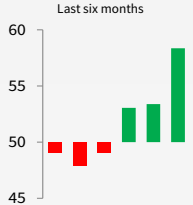
## Composite index summary

### Key data

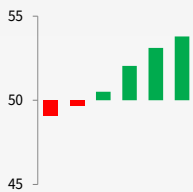
#### Output Index Last six months



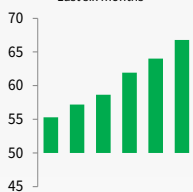
#### New Business Index Last six months



#### Employment Index Last six months

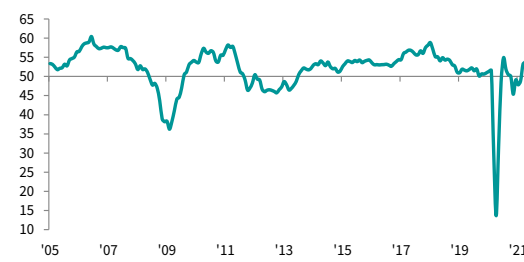


#### Input Prices Index Last six months



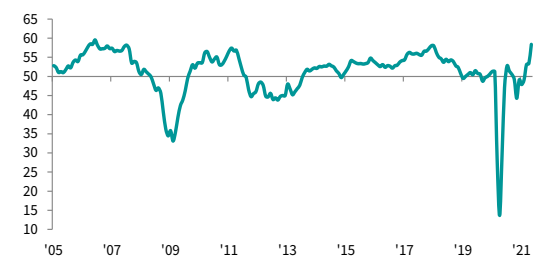
#### Output Index

sa, >50 = growth since previous month



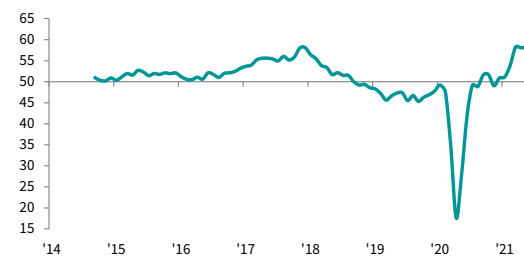
#### New Business Index

sa, >50 = growth since previous month



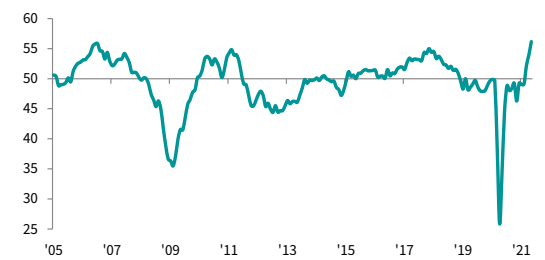
#### New Export Business Index

sa, >50 = growth since previous month



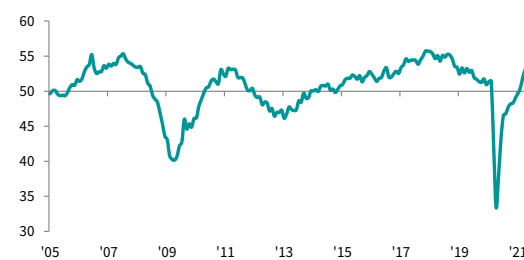
#### Outstanding Business Index

sa, >50 = growth since previous month



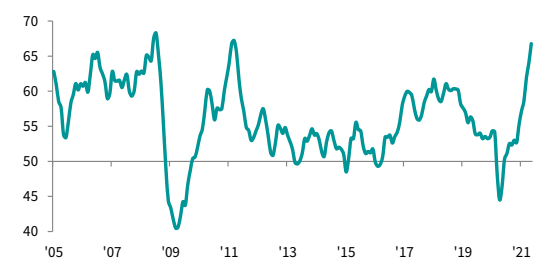
#### Employment Index

sa, >50 = growth since previous month



#### Input Prices Index

sa, >50 = inflation since previous month



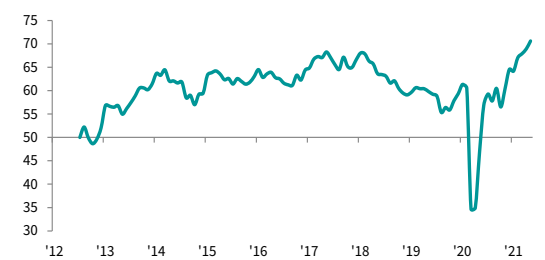
#### Prices Charged Index

sa, >50 = inflation since previous month



#### Future Output Index

>50 = growth expected over next 12 months

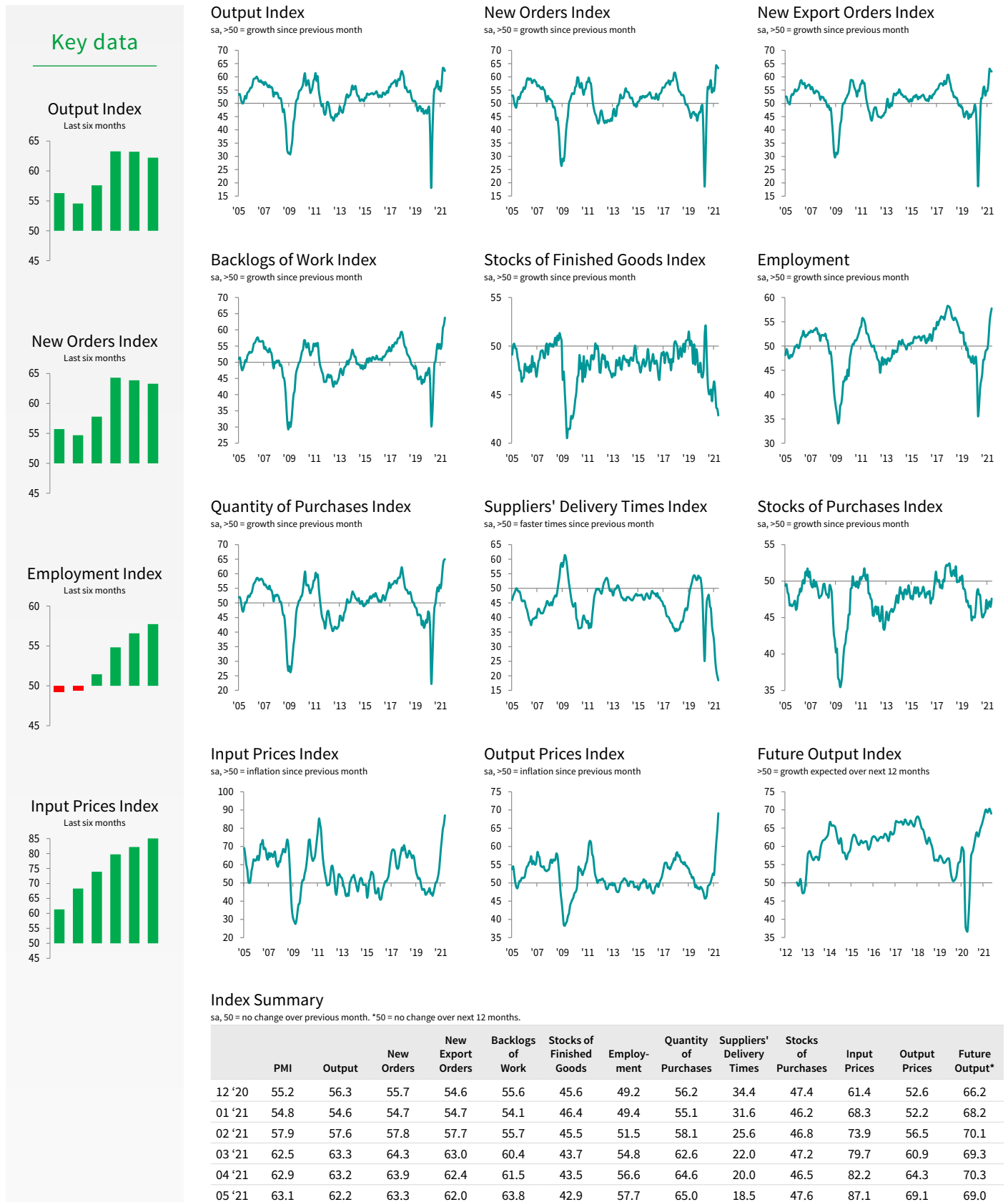


### Index Summary

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*
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
05 '21	57.1	58.4	58.3	56.2	53.8	66.8	56.9	70.6

## Manufacturing index summary

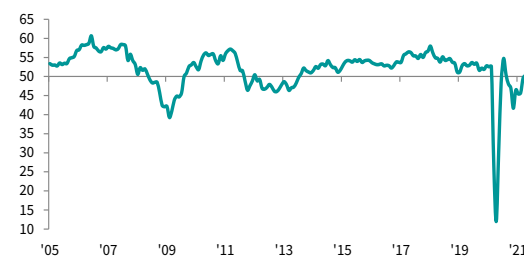


## Services index summary



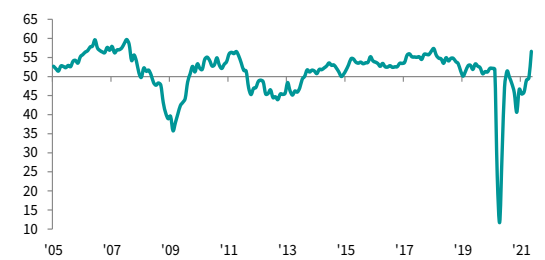
**Business Activity Index**

sa, >50 = growth since previous month



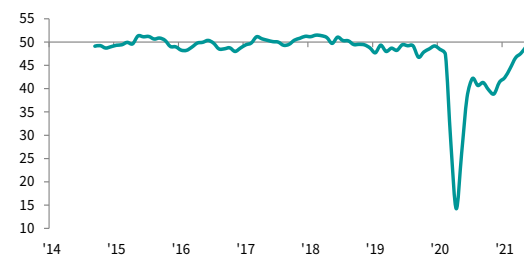
**New Business Index**

sa, >50 = growth since previous month



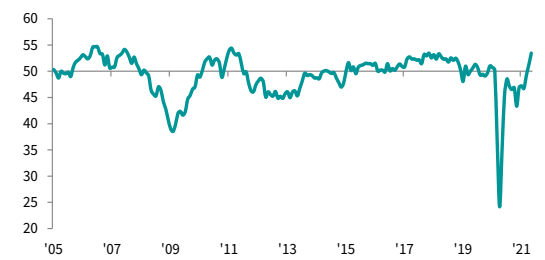
**New Export Business Index**

sa, >50 = growth since previous month



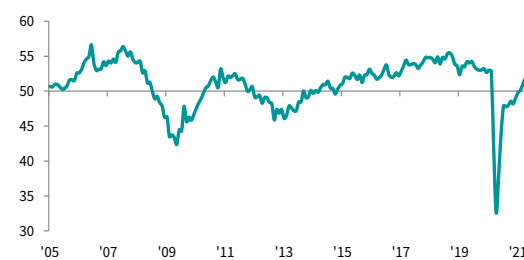
**Outstanding Business Index**

sa, >50 = growth since previous month



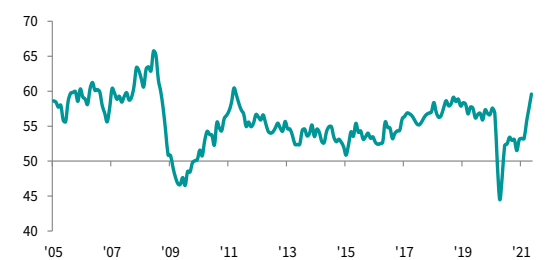
**Employment Index**

sa, >50 = growth since previous month



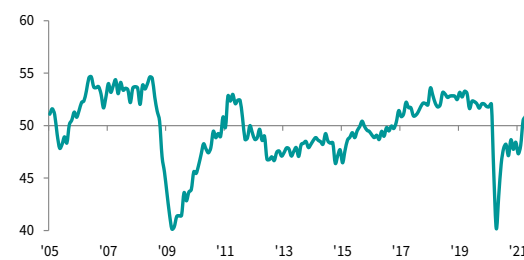
**Input Prices Index**

sa, >50 = inflation since previous month



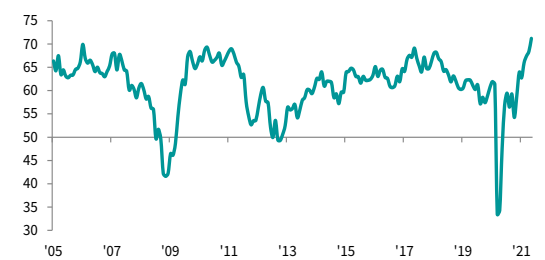
**Prices Charged Index**

sa, >50 = inflation since previous month



**Future Activity Index**

>50 = growth expected over next 12 months



### Index Summary

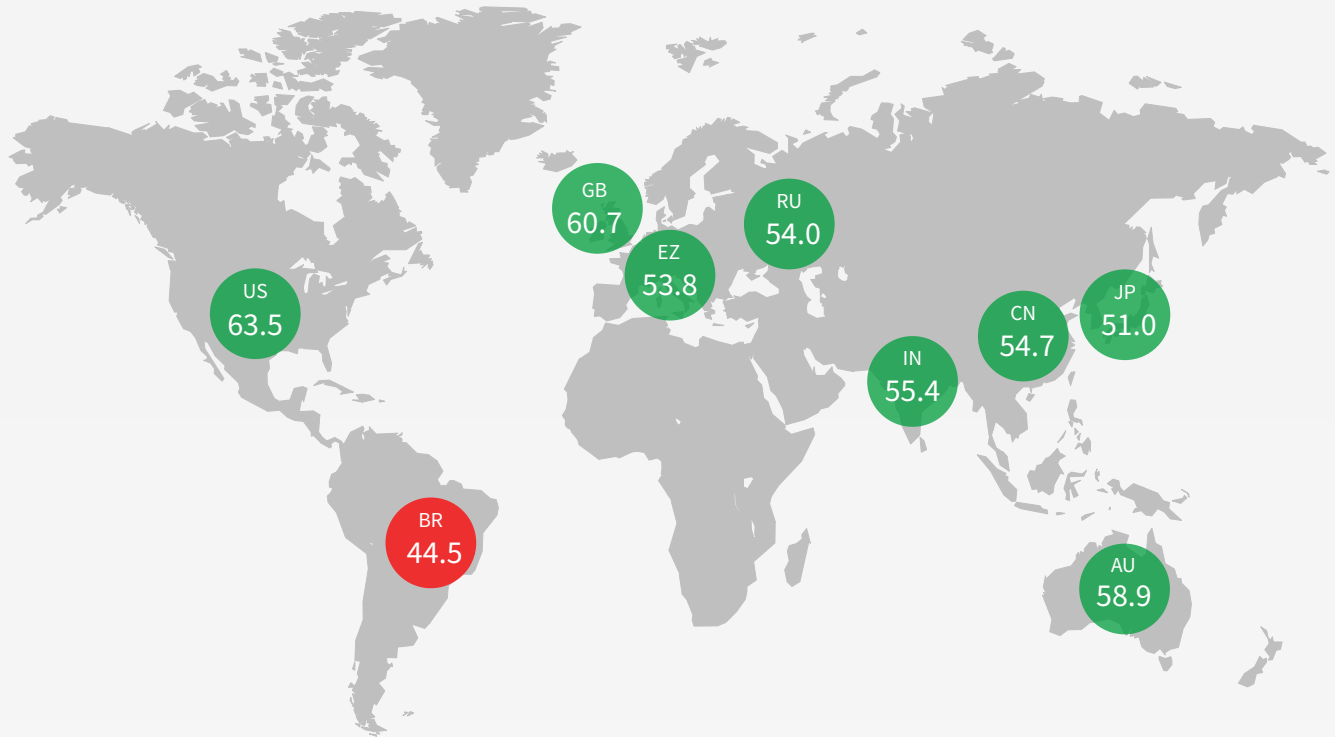
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

	Business Activity	New Business	New Export Business	Outstanding Business	Employment	Input Prices	Prices Charged	Future Activity*
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
05 '21	55.2	56.6	49.1	53.5	52.4	59.6	52.6	71.2

## International PMI

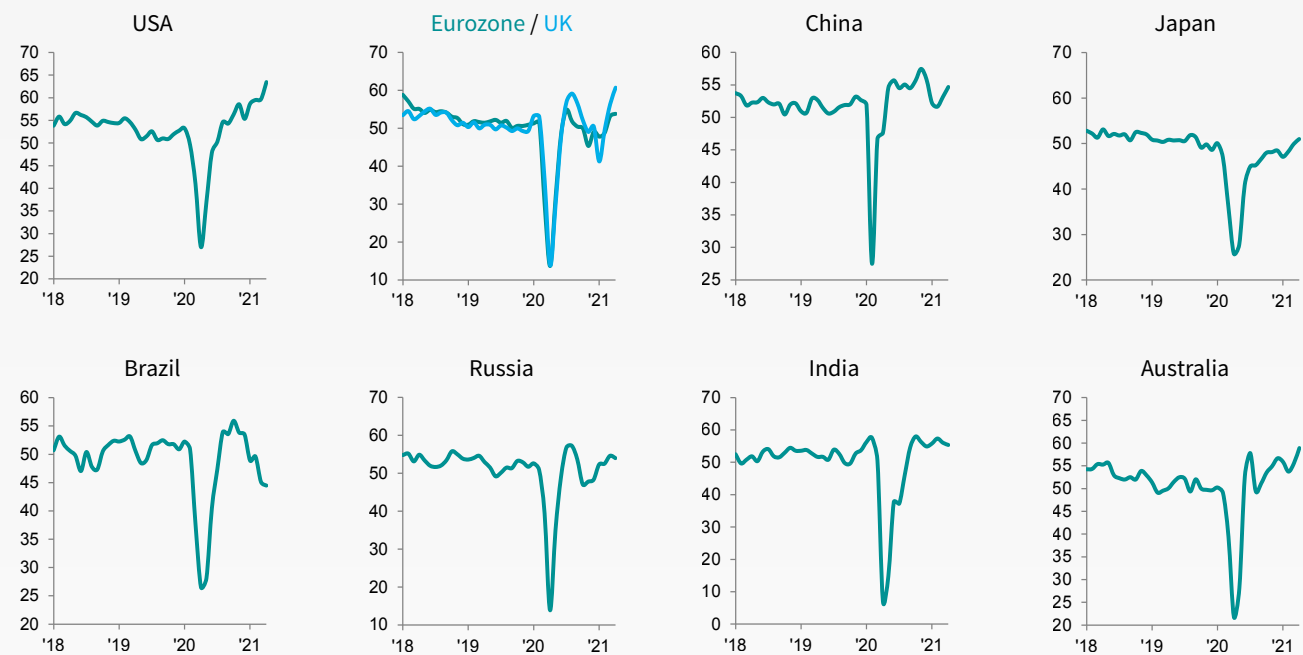
### Composite Output Index, Apr '21

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.

May data were collected 12-25 May 2021.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto: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.

[ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html)

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