

MARKET SENSITIVE INFORMATION
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S&P Global Eurozone Manufacturing PMI®

Manufacturing growth weakens further amid record output price inflation

Key findings:

Final Eurozone Manufacturing PMI at 55.5 (Mar: 56.5). 15-month low.

Final Eurozone Manufacturing Output Index at 50.7 (Mar: 53.1). 22-month low.

Data were collected 08-22 April

Countries ranked by Manufacturing PMI: April¹

Netherlands	59.9	2-month high
Austria	57.9	15-month low
France	55.7 (flash: 55.4)	2-month high
Germany	54.6 (flash: 54.1)	20-month low
Italy	54.5	16-month low
Spain	53.3	14-month low

¹Ireland and Greece Manufacturing PMI data will be released on 3rd May.

S&P Global Eurozone Manufacturing PMI



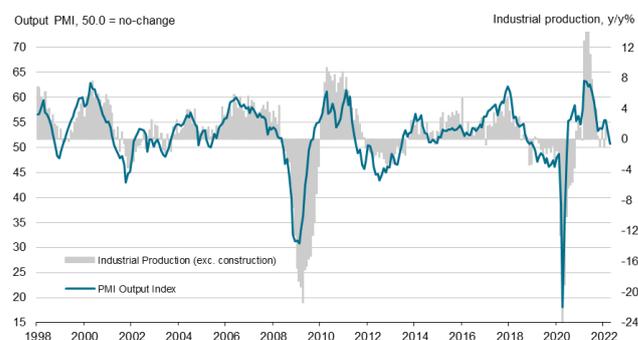
Source: S&P Global.

Eurozone manufacturers lost further growth momentum at the start of the second quarter as output increased only marginally and at the weakest rate over the current 22-month sequence of growth. The slower expansion was accompanied by a subdued increase in new orders and sustained supply-side pressures as COVID restrictions in China and the ongoing war in Ukraine caused disruptions.

Meanwhile, amid supply-chain challenges, input price inflation accelerated to a five-month high amid soaring fuel and energy costs. Manufacturers responded with the fastest increase in selling prices on record during April.

The S&P Global Eurozone Manufacturing PMI® fell to a 15-month low of 55.5 in April, from 56.5 in March. While still above the 50.0 no-change mark and therefore indicative of improving operating conditions within the goods-producing sector, it marked a sustained loss of growth momentum as the headline PMI fell for the third month running.

Headline PMI figures for each of the three broad market groups registered in expansion territory. The highest reading was at investment goods, despite output here declining. Consumer goods saw the second-strongest expansion, while the intermediate goods sub-sector was the weakest-performing.



Source: S&P Global, Eurostat.

Of the monitored eurozone constituents¹, the Netherlands recorded the strongest upturn during April as growth accelerated. Elsewhere, with the exception of France, PMI readings fell over the month and in each case were at their lowest in over a year. Latest survey data for Germany was particularly noteworthy as both new orders and output slipped into contraction territory for the first time since June 2020.

On aggregate, eurozone manufacturing production increased during April. However, the rate of expansion was only marginal and the slowest seen across the current growth sequence which began in July 2020. Consumer and intermediate goods producers drove the latest increase as capital goods makers recorded the first contraction in output for almost two years.

Latest survey data also highlighted subdued order book growth at the beginning of the second quarter. Although still rising overall, the increase in new business was modest and the weakest in the 22-month growth sequence. The softer upturn in demand for eurozone goods was partly reflective of export market weakness as new orders from foreign clients* fell for the second month in succession.

Production growth was also weighed down by ongoing and severe supply-chain disruptions in April. Panellists

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continued to report widespread shortages for numerous raw materials and components, although transportation issues were also reported as a consequence of the war in Ukraine and a tightening of COVID restrictions in China. Overall, the extent to which delivery times lengthened was considerable.

As a consequence of supply shortfalls, vendors raised their prices for raw materials and components in April. Compounding supplier price hikes were soaring fuel and energy costs, with latest survey data signalling a steep rate of input price inflation that was the strongest in five months. To combat margin pressures, eurozone manufacturers increased their factory gate charges by the greatest extent on record (series began in November 2002).

Nevertheless, euro area goods producers continued to make additional purchases during April and were able to stockpile inputs. That said, the increase in buying activity was the weakest since November 2020. On the other hand, warehoused finished goods fell once again.

Meanwhile, evidence of stretched operating capacities were seen as backlogs of work rose once again. However, the rate of accumulation in outstanding business was the weakest since January 2021 amid another strong increase in employment. The rate of jobs growth was slightly faster than in March and outpaced its historical average by a notable margin.

Finally, after slumping to their lowest since May 2020, future output expectations strengthened slightly in April. That said, business confidence remained well below that seen in February as concerns surrounding inflation and the war in Ukraine clouded the 12-month outlook.

**Includes intra-eurozone trade*

Commenting on the final Manufacturing PMI data, **Chris Williamson**, Chief Business Economist at S&P Global said:

“Manufacturing output came to a near standstill across the eurozone in April, with production merely edging higher at the slowest rate since June 2020. Companies not only reported that ongoing problems with component shortages were aggravated by the Ukraine war and new lockdowns in China, but that rising prices and growing uncertainty about the economic outlook were also hitting demand. New order growth has likewise slowed sharply so far this year.

“Germany is leading the slowdown, where production is back in decline for the first time in almost two years, and only modest growth is being seen in France, Italy and Spain.

“Production trends look set to worsen. Future output expectations remain very subdued by historical standards, and the slowdown in new order growth is indicative of factory output across the eurozone falling in the coming months given existing inventory levels.

“Sharp price rises will meanwhile put further downward pressure on demand. A renewed surge in costs, widely blamed on soaring energy prices and further upward pressure on prices paid for many other inputs amid shortages, led to the steepest rise in producers’ selling prices recorded in at least 20 years of comparable survey history.

“In short, the eurozone manufacturing sector looks set for a difficult period of falling production and surging prices.”

-Ends-

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Note to Editors

The Eurozone Manufacturing PMI® (Purchasing Managers' Index®) is produced by S&P Global and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of eurozone manufacturing activity.

The final Eurozone Manufacturing PMI follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total PMI survey responses each month. The April 2022 flash was based on 89% of the replies used in the final data.

The average differences between the flash and final PMI index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Eurozone Manufacturing PMI	0.0	0.1

The *Purchasing Managers' Index*® (*PMI*®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI*® surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact economics@ihsmarkit.com.

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