



**Purchasing Managers' Index®**

**MARKET SENSITIVE INFORMATION**

**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 3<sup>rd</sup> March 2022**

**IHS Markit Eurozone Composite PMI® – final data**

Includes IHS Markit Eurozone Services PMI®

**Eurozone growth rebounds in February as output price inflation hits new survey high**

**Key findings:**

- Final Eurozone Composite Output Index: **55.5** (Flash: 55.8, Jan Final: 52.3)
- Final Eurozone Services Business Activity Index: **55.5** (Flash: 55.8, Jan Final: 51.1)

Data collected 10-23 February

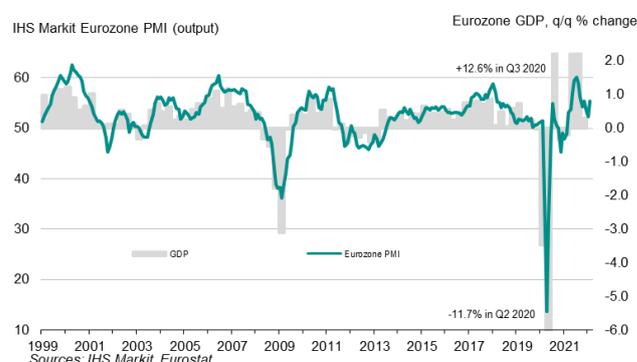
Following January's slowdown, economic growth regained momentum midway through the first quarter to reach its strongest pace since last September. Expansions were of equal strength across both manufacturing and services during February, with a more substantial rebound from January in the latter driving the resurgence in growth at the composite level.

However, the accelerated expansion in business activity was accompanied by a survey-record increase in prices charged for goods and services.

After slumping in January to an 11-month low, the seasonally adjusted **IHS Markit Eurozone PMI® Composite Output Index** rebounded from 52.3 to 55.5 in February. Overall, this signalled the strongest increase in combined manufacturing and services output since last September. The expansion was also faster than the series average, but was still weaker than the highs seen in the second half of last year as business capacity was constrained by supply shortages and poor staff availability.

By sector, rates of output growth were of equal strength at manufacturers and service providers. A notable improvement in service sector growth following January's virus-driven slowdown drove the quicker overall upturn.

**IHS Markit Eurozone Composite PMI Output Index**



**Countries ranked by Composite PMI\*:**

Ireland	59.1	3-month high
Spain	56.5	3-month high
Germany	55.6 (flash: 56.2)	6-month high
France	55.5 (flash: 57.4)	2-month high
Italy	53.6	2-month high

\* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release.

Supporting greater levels of business activity were rising intakes of new business, latest survey data showed. Demand for euro area goods and services increased for a twelfth successive month in February, with the expansion gathering pace to the quickest since last September. Stronger increases in new orders were seen at both sectors.

Business activity was also buoyed by demand conditions across external markets during February as new export orders\* rose. The upturn, albeit the fastest in four months, was slightly slower than that seen on average across the current 15-month expansion sequence.

To sustain activity levels, and accommodate for growing intakes of new business, private sector



employment across the eurozone increased during February. The rate of job creation also gathered some momentum, accelerating to a three-month high. The increase in staffing levels was particularly sharp at manufacturers, although hiring at service providers was nevertheless solid in the context of historical data.

Employment growth also coincided with a stronger level of business optimism in February. The Future Output Index increased to an eight-month high.

Despite increased workforce numbers, latest survey data highlighted additional strain on operating capacities in February as backlogs of work grew. The rate of accumulation was the fastest in six months and among the strongest on record.

Finally, latest survey data pointed to an intensification of price pressures across the eurozone in February. For the second successive month, input costs increased at a faster rate. Moreover, the rate of inflation was the second-quickest on record, surpassed only by last November's peak. Selling price inflation meanwhile hit a survey high during February.

## Services

The IHS Markit Eurozone **PMI® Services Business Activity Index** rose to 55.5 in February, signalling the strongest expansion in services output for three months and a notable turnaround from January's nine-month low of 51.1.

Other key gauges of sectoral health also rose in a robust fashion during February, with new orders and employment growing at faster rates than at the beginning of the year. There was, however, a sharper rise in volumes of outstanding business, as backlogs accumulated to the strongest extent since last August.

Business confidence meanwhile strengthened from January. The level of optimism was historically elevated and the greatest in four months.

Meanwhile, service sector companies in the euro area recorded sharper inflationary pressures in February. Input costs and output prices rose at faster rates and in both cases, the increases were the sharpest on record.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The survey data for February depict a eurozone economy that was regaining robust growth momentum ahead of the invasion of Ukraine. Business activity accelerated to a pace commensurate with GDP growth in excess of 0.6%, buoyed by a relaxation of virus restrictions.*

*"COVID-19 containment measures, which had been stepped up to the highest for eight months across the region in January against the threat of the Omicron wave, were eased in February to the lowest since last November, driving a revival in spending on consumer-facing services in particular. Demand growth accelerated and hiring was stepped up as firms reported brighter prospects.*

*"However, business activity continued to be constrained both by supply chain bottlenecks and labour shortages, meaning a sellers' market persisted for many goods and services. Prices rose to the greatest extent yet recorded in almost a quarter of a century of data collection.*

*"Although some of these constraints will ease as the Omicron wave ebbs, energy and other commodity prices, notably agricultural goods, are spiking higher again due to the conflict in Ukraine, meaning the risks are heavily tilted towards inflation running even higher and persisting for longer than previously expected, squeezing household budgets.*

*"Though it remains early days to be assessing the impact of the war, growth prospects are also likely to have been hit by heightened risk aversion and new sanctions, dampening the rebound from the pandemic.*

*"With inflation risks rising and growth prospects waning, the Ukraine conflict adds to business and household headwinds for the coming months, and exacerbates the difficult juggling act of the ECB in controlling inflation while sustaining a robust economic recovery."*

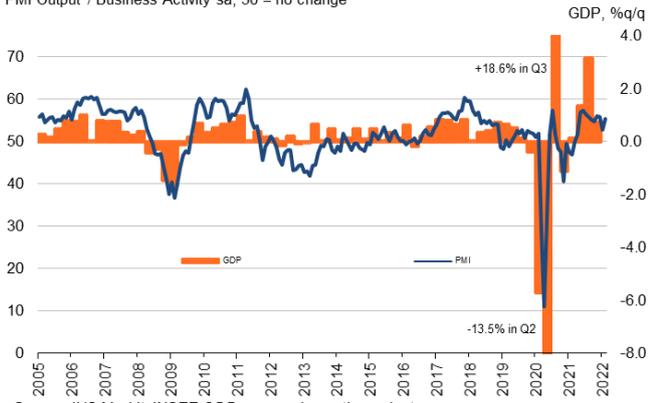
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\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

**France**

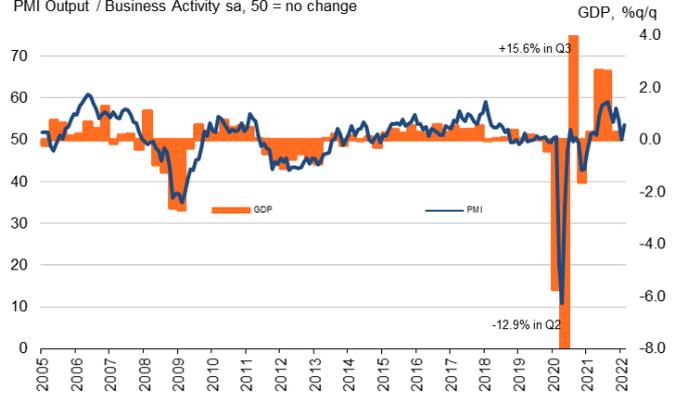
PMI Output / Business Activity sa, 50 = no change



Source: IHS Markit, INSEE GDP = gross domestic product

**Italy**

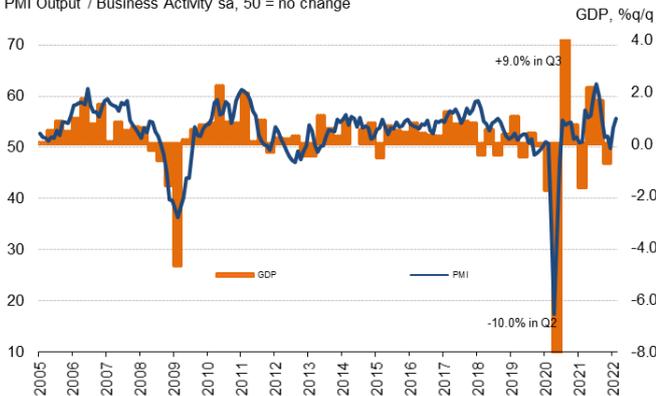
PMI Output / Business Activity sa, 50 = no change



Source: IHS Markit, ISTAT GDP = gross domestic product

**Germany**

PMI Output / Business Activity sa, 50 = no change



Source: IHS Markit, FSO. GDP = gross domestic product

**Spain**

PMI Output / Business Activity sa, 50 = no change



Source: IHS Markit, INE. GDP = gross domestic product

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**Note to Editors:**

The Eurozone Composite *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. National manufacturing data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. National services data are included for Germany, France, Italy, Spain and the Republic of Ireland.

The Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 78% of eurozone private sector services output.

The final Eurozone Composite *PMI* and Services *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The February composite flash was based on 82% of the replies used in the final data. The February services flash was based on 76% 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 Composite Output <i>PMI</i>	0.0	0.2
Eurozone Services Business Activity <i>PMI</i>	0.0	0.3

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.

IHS Markit 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 IHS Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

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