

MARKET SENSITIVE INFORMATION

Embargoed until 1000 CET (0900 UTC) 3 March 2023

S&P Global Eurozone Composite PMI®

Eurozone economy expands at strongest pace since June 2022

Key findings:

Final Eurozone Composite Output Index at 52.0 (Jan: 50.3). 8-month high.

Final Eurozone Services Business Activity Index at 52.7 (Jan: 50.8). 8-month high.

Data were collected 10-23 February

Private sector business activity across the eurozone expanded for a second successive month during February, with growth accelerating to an eight-month high as renewed stability in manufacturing production was accompanied by a stronger improvement in services output. Notably, the level of incoming new business rose for the first time since May 2022 as increases in client activity reportedly supported a strengthening in underlying demand.

The downward trend in backlogs also continued as eurozone firms remained in hiring mode. Business confidence also rose to a 12-month high but remained below the level prior to Russia's invasion of Ukraine.

Meanwhile, a considerable softening of manufacturing cost pressures masked a strengthening of input price inflation at services firms. The overall rate of increase in operating expenses was the slowest in nearly two years.

The seasonally adjusted **S&P Global Eurozone Composite PMI Output Index** rose to 52.0 in February, up from 50.3 in January and above the 50.0 level that separates growth from contraction for a second successive month. Overall, the latest data pointed to a further expansion in private sector business activity, and one that was the strongest since June 2022.

The service sector was the principal driver of February's quicker upturn, although the manufacturing sector trend improved as a broad stabilisation was recorded, thereby ending an eight-month sequence of decline in production.

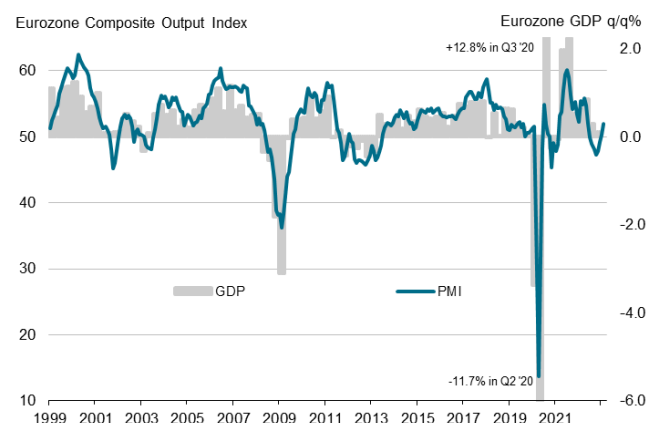
Of the countries with Composite PMI data available (which together account for around 78% of eurozone private sector output), February data revealed relatively strong performances from Spain, Ireland and Italy, with respective rates of growth accelerating to nine-month highs that were above their long-run averages. Meanwhile, although growth returned to the "core" of the euro area (France and Germany), expansions were muted.

Countries ranked by Composite PMI Output Index: February

Spain	55.7	9-month high
Ireland	54.5	9-month high
Italy	52.2	9-month high
France	51.7 (flash: 51.6)	7-month high
Germany	50.7 (flash 51.1)	8-month high

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

S&P Global Eurozone Composite PMI Output Index



Source: S&P Global, Eurostat.

The stronger upturn in business activity came amid the first increase in new orders since May 2022. That said, the expansion was marginal overall as euro area manufacturers again recorded a drop in demand for their goods. By comparison, new business receipts at services companies increased at the quickest pace in nine months.

New business from non-domestic* clients remained a drag on total order books, with new export sales falling for a twelfth straight month. The decrease was strong and slightly quicker than seen in January.

Backlogs of work at private sector companies in the euro area fell again midway through the first quarter, extending the current sequence of depletion to eight months. However, the decrease was only marginal and the softest since last August. The reduction in orders pending completion was centred on the manufacturing sector as services firms noted a slight uptick in capacity pressures in February.

Meanwhile, job creation was sustained during the latest survey period, extending the current sequence of employment growth that began over two years ago. The increase in workforce numbers was stronger than the series

News Release

average. Sector data showed increased hiring activity across both manufacturers and services firms.

The resilient hiring trend was accompanied by a strengthening of business confidence during February. Euro area firms were optimistic that output levels would increase over the next 12 months, with the degree of positivity edging up to its highest for a year. Nevertheless, this was still weaker than that seen prior to Russia's invasion of Ukraine.

Regarding prices, the latest survey data showed a further alleviation of cost pressures across the eurozone. However, this was solely a reflection of the trend across the manufacturing sector, where input price inflation slowed considerably since January to a marginal pace that was the softest for nearly two-and-a-half years. By contrast, service sector operating costs rose substantially and at a quickened pace amid reports of wage pressures. Meanwhile, prices charged for goods and services rose sharply, albeit at the weakest rate since December 2021.

**includes intra-eurozone trade*

S&P Global Eurozone Services PMI®

The S&P Global Eurozone Services PMI Business Activity Index posted 52.7 in February, up from 50.8 in January and its highest level for eight months. Overall, the latest data signalled back-to-back monthly expansions in output across the euro area service sector.

Supporting greater activity levels was an increase in new business. Volumes of new work rose moderately in February and at the quickest pace since May 2022. The uptick in demand added strain to operating capacities, as evidenced through a rise in backlogs of work. The rate of backlog accumulation was the strongest since last June.

Euro area service providers continued to expand their workforce numbers in February. The rate of job creation was slightly faster than seen on average across the survey history, but slowed since the beginning of the year.

Optimism towards the next 12 months was sustained in February. Moreover, the level of business confidence strengthened to its highest since April 2022.

Lastly, service sector operating expenses rose substantially in February, with the rate of increase accelerating slightly. Output price inflation was little-changed since January and among the strongest seen on record.

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

"A resounding expansion of business activity in February helps allay worries of a eurozone recession, for now. Doubts linger about the underlying strength of demand, especially as some of the February uplift appears to have been driven by temporary drivers, such as unseasonably warm weather and a marked improvement in supplier delivery times – likely linked in part to China's recent reopening.

"Nevertheless, there are clear signs that business confidence has picked up from the lows seen late last year, buoyed by fewer energy market concerns, as well as signs that inflation has peaked and recession risks have eased.

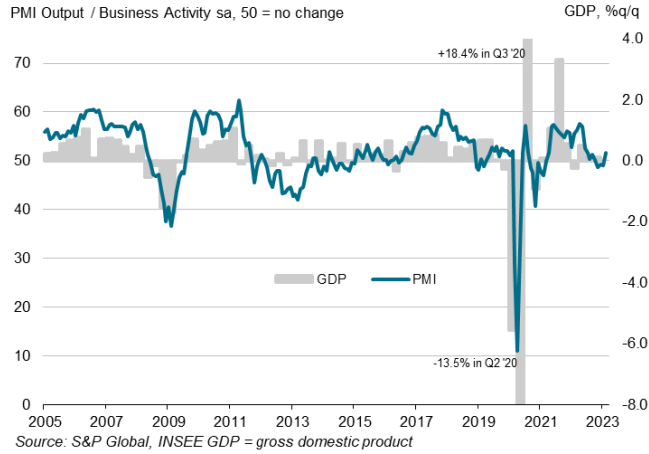
"Not only has the upturn in confidence led to a welcome return to growth of output across both manufacturing and services, but firms are also back in hiring mood to suggest an increasing appetite to invest in expansion in the light of brightening business prospects.

"There is a concern, however, that signs of persistent elevated selling price inflation, combined with the surprising resiliency of the economy, will embolden the ECB into more aggressive monetary policy tightening, which poses a downside risk to demand growth in the months ahead."

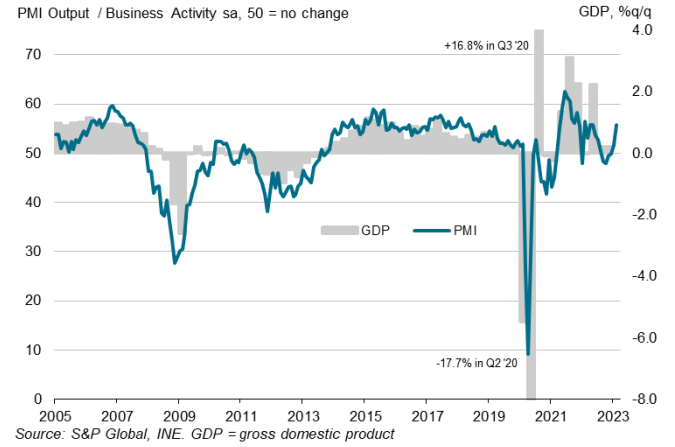
-Ends-

News Release

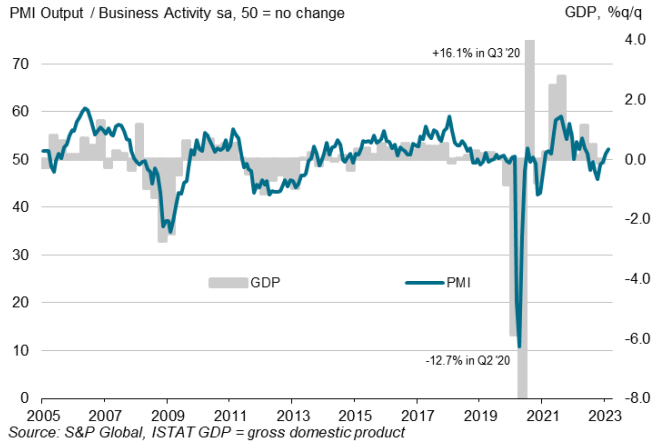
France



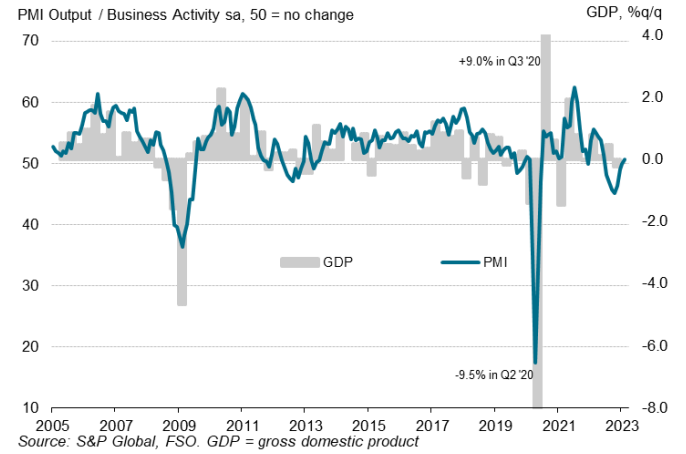
Spain



Italy



Germany



News Release

Contact

S&P Global Market Intelligence

Chris Williamson
Chief Business Economist
Telephone +44-207-260-2329
Email: chris.williamson@spglobal.com

Joe Hayes
Senior Economist
Telephone +44-1344-328-099
Email: joe.hayes@spglobal.com

Sabrina Mayeen
Corporate Communications
Telephone +44-7967-447-030
Email: sabrina.mayeen@spglobal.com

Note to Editors

The Eurozone Composite PMI® (Purchasing Managers' Index®) is produced by S&P Global 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 S&P Global 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 83% of the replies used in the final data. The February services flash was based on 78% 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 PMI	0.0	0.3
Eurozone Services Business Activity PMI	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.

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.

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2023 S&P Global Ltd. All rights reserved. www.spglobal.com

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. To learn more go to <https://ihsmarkit.com/products/pmi.html>.

If you prefer not to receive news releases from S&P Global, please contact joanna.vickers@spglobal.com. To read our privacy policy, [click here](#).

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.