News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Manufacturing PMI® – final data

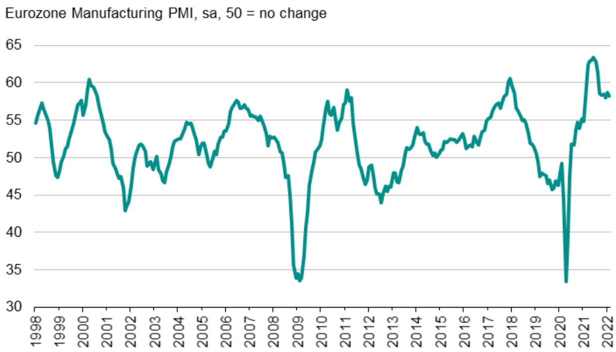
Manufacturing output growth supported by stronger demand and fewer delivery delays in February

Key findings:

- Final Eurozone Manufacturing PMI at 58.2 in February (Flash: 58.4, Jan Final: 58.7)
- Demand for eurozone goods rises at fastest rate since last August
- Supplier delivery times lengthen to weakest extent for over a year but inflation remains steep

Data collected 10-21 February.

IHS Markit Eurozone Manufacturing PMI



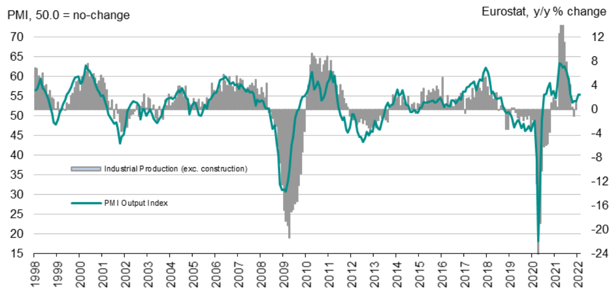
Source: IHS Markit.

More positive signals were seen in February's IHS Markit PMI® data for the eurozone manufacturing sector, with growth in both output and new orders gaining further momentum following improvements in January. There were also fewer supplier delivery delays across the month, with lead times lengthening to the weakest extent for just over a year. Nevertheless, capacities across the sector continued to be tested and, while rates of both input cost and output price inflation slowed in February, they were still among the fastest on record.

Data split by the three broad market groups indicated stronger improvements at consumer and intermediate goods producers. While manufacturers of investment goods recorded a weaker expansion, they still performed strongest overall.

Countries ranked by Manufacturing PMI: February

Netherlands	60.6	3-month high
Germany	58.4 (flash: 58.5)	2-month low
Austria	58.4	3-month low
Italy	58.3	Unchanged
Ireland	57.8	11-month low
Greece	57.8	7-month low
France	57.2 (flash: 57.6)	6-month high
Spain	56.9	3-month high



Source: IHS Markit, Eurostat

The IHS Markit Eurozone Manufacturing PMI fell to 58.2 in February, down from 58.7 in January. Driving this result was the suppliers' delivery times gauge (which is inverted in the calculation of the headline PMI), as the respective index recorded a notable increase since January. Partly offsetting this were the largest-weighted sub-components of the PMI – output and new orders – which experienced slightly positive directional changes. Employment growth was meanwhile stable, and stocks of purchases increased a slightly weaker pace.

By eurozone nation, it was the Netherlands that saw the strongest improvement in manufacturing conditions during February, followed by equally-sharp expansions in Germany and Austria. Italy, Ireland and Greece also registered strong rates of growth, despite slowdowns in the latter two. Spain was the weakestgrowing of the monitored euro area nations, followed by France.

Latest survey data signalled a strong increase in manufacturing output across the euro area midway through the first quarter. The expansion was the fastest since last September, following a marginal acceleration since January. Production volumes were supported by an improving trend in the demand for goods, with new orders rising sharply and at the quickest pace in six months. Export sales* also increased over the month, with the expansion gaining momentum.

Eurozone manufacturers raised their employment levels during the latest survey period, extending an uninterrupted sequence of job creation which began in February 2021. The increase in staffing levels was sharp by historical standards and among the fastest since records began in 1997. Nevertheless, manufacturing capacities were strongly tested as backlogs of work rose at the fastest rate in four months.

Meanwhile, with new order growth continuing to outstrip that for output, stocks of finished goods were depleted for a twenty-first successive month. On the other hand, inputs placed into warehouses continued to rise, although the rate of accumulation slowed further from last December's survey peak.

Eurozone manufacturers continued to be restrained by lengthening supplier delivery times during February, although the extent to which vendor performance deteriorated was the slowest since the beginning of last year and notably weaker than in January. This came despite another sharp rise in input demand during February.

Latest survey data continued to highlight strong pricing power among price setters, with steep rates of both input cost and output price inflation persisting. In both cases the increases were among the steepest on record, although they did slow since January.

**Includes intra-eurozone trade*

Comment

Commenting on the final Manufacturing PMI data, Joe Hayes, Senior Economist at IHS Markit said:

"Don't let the drop in the headline PMI distract from what should be viewed as a largely positive month for the euro area manufacturing sector in February. Demand for goods is trending higher, with the rate of expansion accelerating to a six-month high. Underlying sales conditions are clearly strengthening as Europe overcomes the Omicron wave of COVID-19 and businesses step up their recovery efforts.

"Another positive move was in the suppliers' delivery times gauge, which moved up during February to its highest since the beginning of last year – signalling the least marked deterioration vendor performance since then. It was actually this move that pulled the headline PMI lower, but tentative signs of stabilisation across supply chains is a good thing because it will help production capacities increase and is what we need to see for inflation to cool.

"Inflation is still running extremely hot, however, and price setters clearly carry substantial pricing power still. Strong demand for inputs, coupled with scarce supply, continues to drive vendor prices higher. In turn, firms are passing higher costs on to their clients. Although there was some welcome easing in input cost and output price inflation rates in February, they are both still among the fastest ever seen.

"Now, the Russia-Ukraine situation, which also carries the risk of dampening growth, adds fresh fuel to inflation risks, and we've seen brent crude already moving higher in response. It's going to take prudent macroeconomic policy management to re-anchor inflation expectations without denting the demand recovery too heavily."

-Ends-

PMI® By IHS Markit

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Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit 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 February 2022 flash was based on 85% 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.

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 revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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