

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 3<sup>rd</sup> February 2022**

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Eurozone growth loses further momentum at start of 2022

**Key findings:**

- Final Eurozone Composite Output Index: **52.3** (Flash: 52.4, Dec Final: 53.3)
- Final Eurozone Services Business Activity Index: **51.1** (Flash: 51.2, Dec Final: 53.1)

Data collected 12-26 January

Economic growth across the eurozone eased further at the start of the year, latest PMI® data from IHS Markit showed, as the Omicron variant of COVID-19 constrained activity, most notably across the service sector. That said, the growth slowdown was tempered by some renewed strength in manufacturing output, which grew at the fastest pace since last September.

Meanwhile, having receded slightly at the end of last year, January survey data revealed a re-acceleration of inflation across the euro area.

After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** registered 52.3 in January, down from 53.3 in December and indicative of a weaker rate of expansion in private sector output across the eurozone. Overall, the latest data pointed to the weakest increase in business activity since the headline index moved back into growth territory last March.

The weaker expansion in January reflected softer growth among service providers, as manufacturing output increased at a faster pace. The latest data marked back-to-back months in which the euro area's goods-producing economy has outperformed its service-providing counterpart.

**IHS Markit Eurozone Composite PMI Output Index**



Sources: IHS Markit, Eurostat.

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

Ireland	56.5	Unchanged
Germany	53.8 (flash: 54.3)	4-month high
France	52.7 (flash: 52.7)	9-month low
Italy	50.1	12-month low
Spain	47.9	11-month low

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

As has been the case since last April, Ireland saw the fastest growth of combined manufacturing and services output across the monitored eurozone nations, with the expansion here unchanged from December's strong pace. Meanwhile, Germany recorded somewhat of a rebound in business activity during January, moving back into growth territory following December's fractional decline. On the other hand, momentum was lost in France, Italy broadly stagnated and Spain registered its first contraction since last February.

Latest survey data for the eurozone showed continued growth in private sector order books at the beginning of the year. Sub-sector data showed rising new business across both manufacturing and

services, although it was the former which registered the faster increase. A slower improvement in demand for services weighed on the strength of the overall upturn, which was the weakest in the current 11-month sequence of growth.

Nevertheless, employment growth accelerated in January and remained above its historical average by a notable margin. The improved rate of job creation was solely driven by manufacturers however, as hiring growth at services firms moderated.

Meanwhile, operating capacities continued to be stretched across the eurozone, reflecting issues relating to staff availability, shortages of materials and products, as well as additional intakes of new business. The rate of backlog accumulation was solid, albeit the slowest in nine months.

Looking ahead, businesses expect activity levels to rise in the coming year. Optimism towards the outlook improved in January to its strongest since last October.

Finally, latest survey data showed a re-intensification of price pressures across the euro area, with rates of input cost and output price inflation accelerating. The increase in cost burdens was only fractionally quicker than in December, but was faster than anything seen by the survey prior to last November (when it hit a record high). In turn, selling charges were raised more aggressively, and the rate of inflation here was only a fraction below last November's survey peak.

## Services

The IHS Markit Eurozone **PMI<sup>®</sup> Services Business Activity Index** registered 51.1 in January, down from 53.1 in December. While this was still above the 50.0 no-change mark, and therefore consistent with growth, it signalled the softest expansion in euro area services output since last April.

The slower increase in business activity coincided with weaker new order growth during January. The improvement in demand was the softest seen across the current nine-month sequence of expansion. Nevertheless, backlogs of work continued to rise, and at a quicker pace.

To enhance operating capacities, additional staff were hired in January. The rate of job creation was slightly weaker than previously, but was still faster than the historical average.

Input costs rose substantially in January, and to an extent which was the second-quickest on record, surpassed only by last November's peak. Meanwhile, selling price inflation accelerated to a fresh series high.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The eurozone economy has slowed further in January after seeing growth weaken in the final quarter of 2021. Businesses are reporting subdued demand and ongoing constraints in terms of both labour shortages and raw material supply issues resulting from the pandemic.*

*"The slowdown coincides with virus-fighting containment measures having been tightened to the highest since last May across the eurozone amid the surge in COVID-19 cases linked to Omicron.*

*"Spain has been the hardest hit, falling back into contraction, while Italy has seen business activity stall, in both cases linked to declining service sector output. France is meanwhile recording the weakest expansion since last April.*

*"Germany is bucking the slowdown trend, however, providing a welcome ray of light to suggest that the impact of Omicron will be both shorter and less severe than prior virus waves. Having been hit to a greater extent by Omicron late last year, service sector activity is already picking up again in Germany and manufacturing output is surging higher.*

*"A key concern is that inflationary pressures continue to build, with soaring energy prices likely to add further to upward price pressures in coming months. Households are already being squeezed and firms face further cost rises. Tensions in Ukraine also pose a further downside risk to the outlook, with any escalation of the situation likely to further dampen business confidence."*

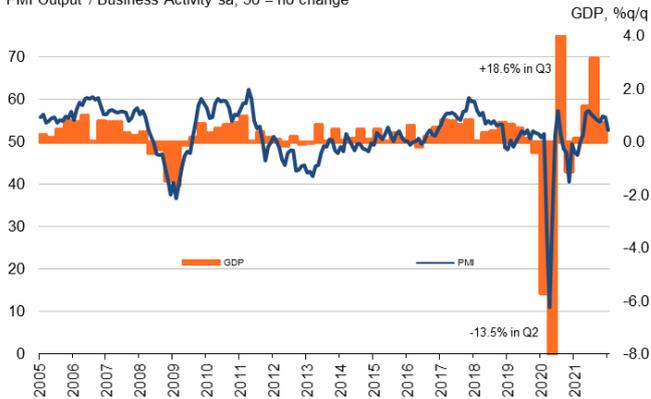
-Ends-

\*\* [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

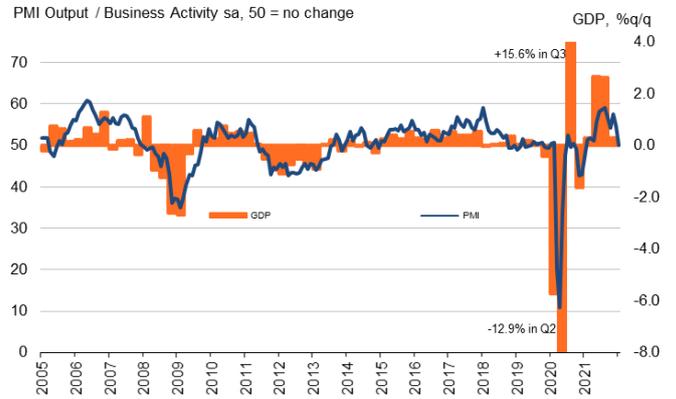
PMI Output / Business Activity sa, 50 = no change



Source: IHS Markit, INSEE GDP = gross domestic product

### Italy

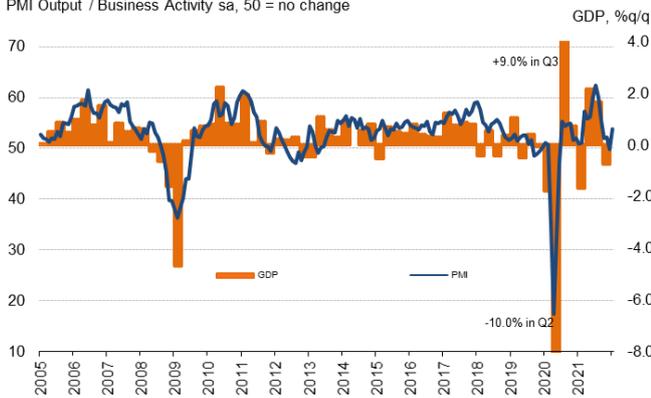
PMI Output / Business Activity sa, 50 = no change



Source: IHS Markit, ISTAT GDP = gross domestic product

### Germany

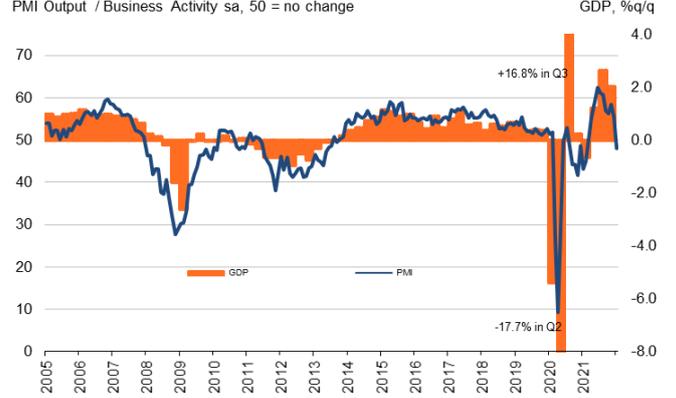
PMI Output / Business Activity sa, 50 = no change



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 January composite flash was based on 85% of the replies used in the final data. The January services flash was based on 80% 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).

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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*<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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