

## Eurozone

### Economy enjoying best growth for four years despite 'Grexit' fears

- Eurozone PMI at 54.2 puts growth at four-year high in June
- Broad-based expansions across the 'big-four' euro economies, led by Spain

The Greek crisis appears to have so far had little impact on the eurozone economy as a whole. Economic growth in the currency bloc rose to a four-year high in June, according to the Markit Eurozone PMI. The Composite Output Index hit 54.2 in June, up from 53.6 in May. The upturn in June also took the average index reading for the second quarter as a whole to a four-year high.

Rates of growth improved in both the manufacturing and service sectors during June. Manufacturing production rose at the joint-quickest pace in a year, while the expansion in service sector business activity was the fastest since May 2011.

Hiring also remained reassuringly resilient, with job creation also running at its highest for four years in the past two months.

The PMI therefore indicates that combination of ECB stimulus and low inflation appears to be boosting spending among consumers and businesses, offsetting 'Grexit' anxiety.

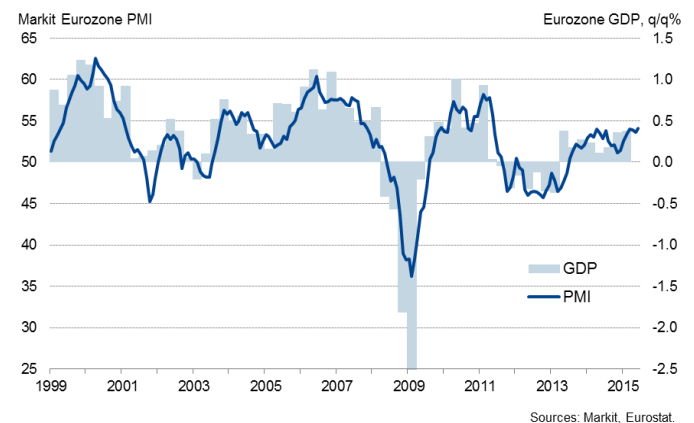
However, with growth of new business slowing for a third month running, the survey is hinting that some risk aversion is creeping in which could hit growth in coming months if the Greek crisis is not resolved soon.

#### Broad-based upturn across 'big-four'

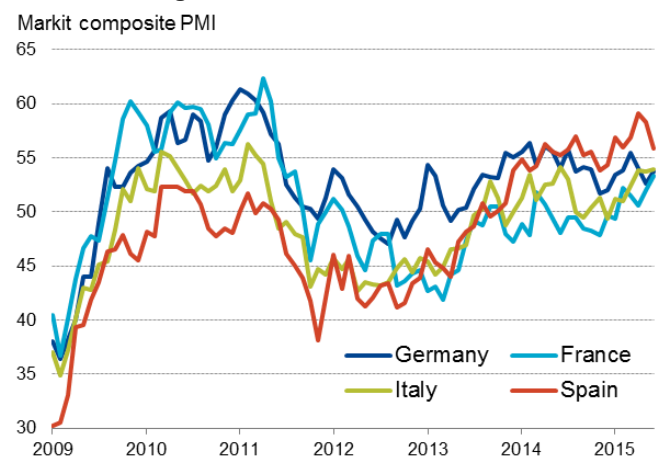
The survey data point to eurozone GDP rising 0.4% in the second quarter, with the upturn led by Spain and Ireland alongside ongoing robust growth in Germany, but with recoveries also now building momentum nicely in Italy and France.

The PMI data are consistent with GDP rising 0.4% in Germany in the second quarter, the sheer size of the country meaning that it continued to provide a major source of economic growth for the region.

#### Eurozone economic growth and the PMI



#### Eurozone 'big four'

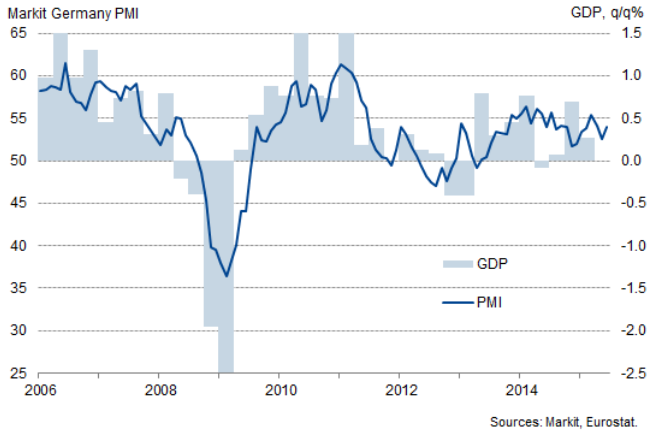


However, perhaps most encouraging is the increased rate of expansion seen in France, with the PMI data registering the steepest growth for almost four years. A 0.4% GDP expansion is indicated by the surveys in the second quarter.

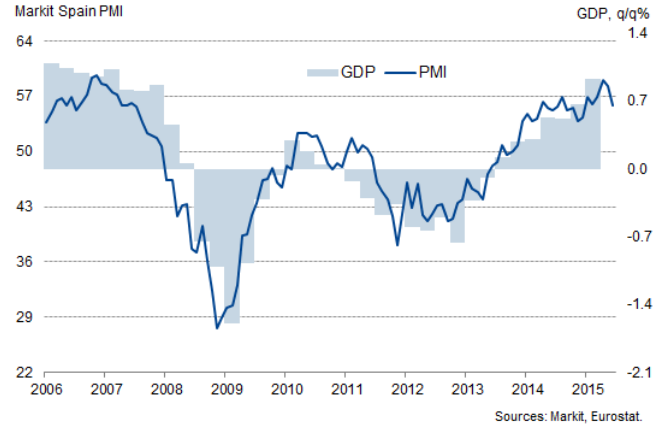
Despite growth slipping in June, Spain saw the sharpest expansion of the 'big-four', with the surveys running at the highest levels since the first quarter of 2007 over the past three months. Spain's GDP looks set to rise by at least 0.7% in the second quarter.

Italy is also seeing a rejuvenated economy. The composite PMI rose to a one-year high in June to indicate a 0.3% GDP rise in the second quarter.

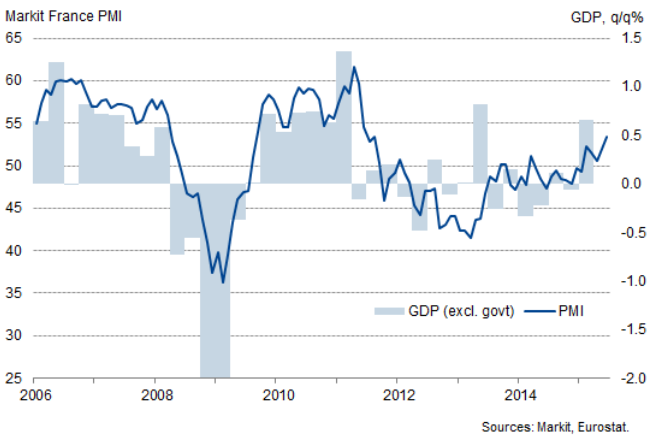
### German economic growth and the PMI



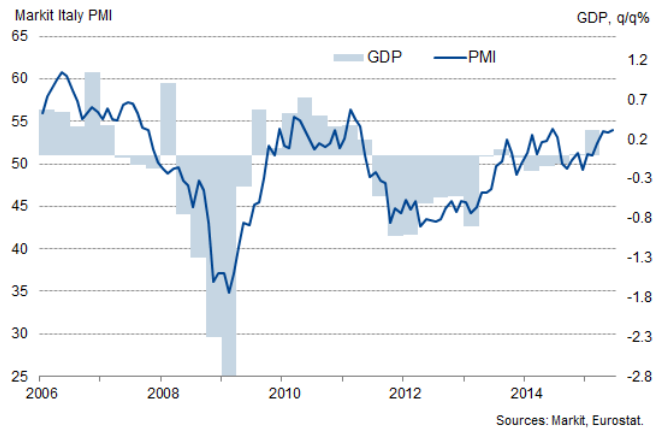
### Spain GDP (economic growth) and the PMI



### French GDP (economic growth) and the PMI



### Italy GDP (economic growth) and the PMI



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