

# Eurozone

## Flash PMI lifts higher for first time this year in March

- Eurozone flash PMI rises from 53.0 in February to 53.7 in March...
- ...but job creation slows and prices fall
- France returns to modest growth

The eurozone saw renewed signs of life at the start of spring. The PMI showed a welcome end to the worrying slowdown trend seen in the first two months of the year.

Markit's flash Eurozone PMI, which tracks changes in business activity across the region, rose from 53.0 in February to 53.7 in March.

However, despite the rise in March, the average PMI reading for the first quarter of 53.4 was the lowest for a year, signalling a slight slowing in the pace of economic growth. The March reading puts the region on course for a 0.3% expansion of GDP in the first quarter.

Plenty of worrying signs persist, however, to take the shine off the rise in the headline PMI. New order growth barely improved on the one-year low seen in February and job creation slowed, which suggests that stronger growth in coming months is by no means assured.

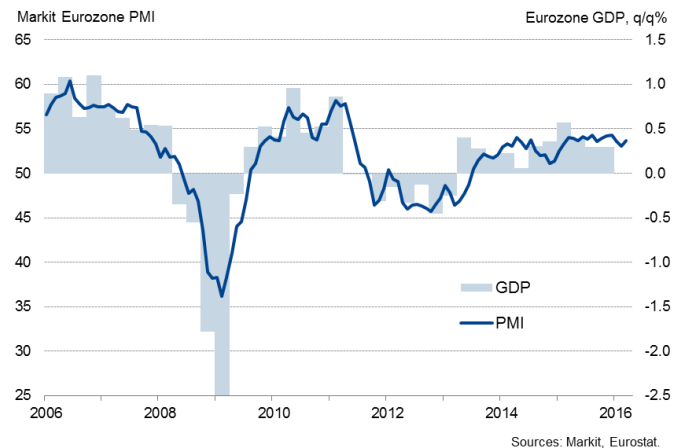
Deflationary pressures also remain stubbornly widespread as a lack of demand led to further discounting in March. Prices charged by firms for goods and services fell at the second-fastest rate seen for just over a year.

The upturn in March nevertheless hopefully provides a springboard for recent additional stimulus from the ECB to help boost growth further in the second quarter and into the summer.

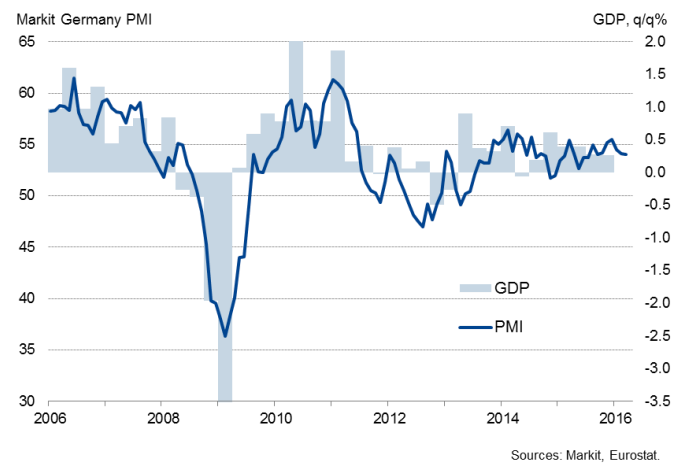
By country, **Germany** again saw robust growth, although the rate of expansion was unchanged from February's five-month low. Although the data mean the German economy looks to have expanded by 0.4% in the first quarter, the outlook has darkened somewhat. New order growth was the weakest for eight months and job creation was the slowest for 11 months. Manufacturing output rose only modestly, leaving growth dependent on services.

**France** saw business activity rise again after sliding into contraction in February, with modest revivals seen in both manufacturing and services. However, the overall rate of growth remained only modest and job creation edged closer to stagnation. The data suggest the French economy remains close to stagnation despite the improvement seen in March, though possibly attaining 0.2% GDP growth in the first quarter if rising government spending helps support the economy.

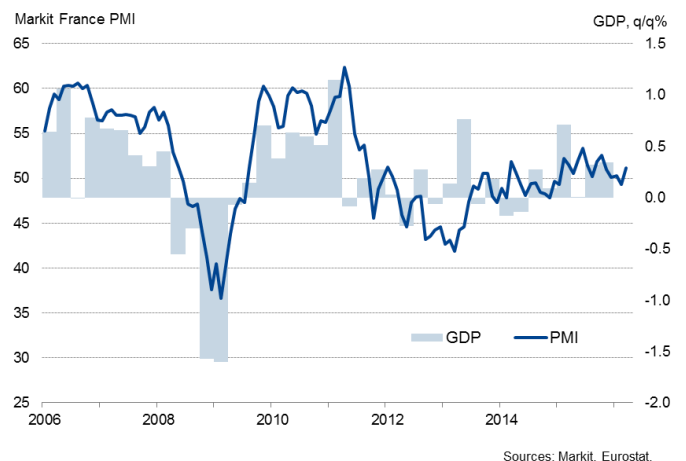
### Eurozone economic growth and the PMI



### German economic growth and the PMI



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



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