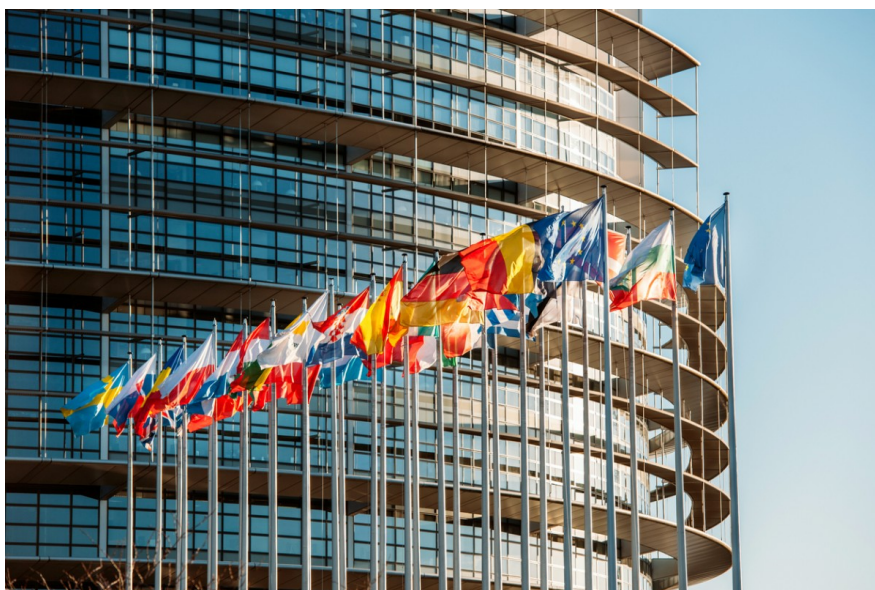


## Eurozone euphoria continues

The Eurozone economy maintains a surprisingly strong pace as the composite PMI maintained a 6 year high.



Source: iStock

**56.8** Eurozone Composite PMI  
(Previously 56.8)

Better than expected

This indicates that growth in the second quarter continues to be strong and could even surprise on the upside on these strong figures. The increase was broad-based as both Germany and France saw their PMIs increase in May, while also output from both manufacturing and services improved across the Eurozone. Businesses continue to indicate that job growth is picking up speed and that backlogs of work are reaching new highs. This means that domestic demand continues to drive the strong growth in the Eurozone.

Recent indicators seem to suggest that Europe's worries are finally over. While the current outlook is indeed quite bright, it is not that all problems have been solved. The Eurogroup and the IMF did not reach agreement on Greece yesterday, meaning that it will be June or July by when a deal

must be agreed, with a large redemption due in July. While Greece adopted a strong programme last week, disagreement over debt relief remains problematic. 2017 could therefore once again have a hot Greek summer.

For the ECB, this release was a mixed bag. The continued strength in the PMI indicates that the economic risks are becoming more balanced and selling price pressures on businesses were growing quickly in May, but the drop in input price growth shows that price pressures could be easing a little in the months ahead. This is in line with our expectations for inflation and could result in declining price growth over the summer months.

## Author

### Bert Colijn

Chief Economist, Netherlands

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit [www.ing.com](http://www.ing.com).