IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Stagnant new work limits private sector growth in November

Key findings:
- Final Eurozone Composite Output Index: 50.6 (Flash: 50.3, October Final: 50.6)
- Final Eurozone Services Business Activity Index: 51.9 (Flash: 51.5, October Final: 52.2)

Data collected November 12-26

November’s final IHS Markit Eurozone PMI® Composite Output Index continued to signal marginal growth of the euro area’s private sector. Posting 50.6, unchanged on October and slightly better than the earlier flash reading of 50.3, the index remained amongst the lowest levels in the past six-and-a-half years.

The services economy again remained the primary driver of overall growth, despite its positive contribution waning slightly since October. In contrast, manufacturing output fell again, extending the current period of contraction to ten months. However, the drag on overall economic activity from manufacturing continued to ease as goods producers indicated their slowest fall in production since August.

France remained the best-performing country in terms of output growth, followed closely by Ireland and Spain. In each case, growth rates were solid and, for both Ireland and Spain, faster than those recorded in October.

Meanwhile, Italy and Germany both registered reductions in private sector activity during November. For Italy, the contraction was the first recorded in six months, whereas Germany registered a decline for the third month running, albeit the weakest in this sequence.

Countries ranked by Composite PMI*:
- France 52.1 (flash: 52.7) 2-month low
- Ireland 52.0 5-month high
- Spain 51.9 3-month high
- Italy 49.6 7-month low
- Germany 49.4 (flash: 49.2) 2-month high

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

Levels of incoming new work to euro area private sector companies were unchanged during November, following two successive months of decline. Weakness again emanated from foreign demand sources, with latest data showing that new export business was down for a fourteenth successive month. Although the rate of contraction softened to its lowest since June, it nonetheless remained marked.

With no change in overall new work enabled companies to again comfortably keep on top of existing workloads. Levels of work outstanding were reduced in November for a ninth successive month, albeit modestly.

An increase in capacity via another round of employment growth was also reported by companies. Payroll numbers have now increased.
continuously for over five years, with all countries registering a rise in employment since October.

Prices data indicated another increase in operating expenses, although with ongoing falls in manufacturing input costs signalled, the rate of inflation was close to September’s three-year low. Competitive pressures meanwhile weighed on company pricing power, with November’s survey data again signaling only a marginal increase in prices charged.

Finally, confidence about the future improved during November to its highest level since July, though remained well below par. With the exception of Italy, sentiment was higher across the eurozone.

**Services**

The **IHS Markit Eurozone PMI® Services Business Activity Index** moved slightly lower in November, posting 51.9, compared to 52.2 in the previous month. The latest reading was the second-lowest recorded by the survey since January, although all nations covered recorded some expansion of activity.

Modest growth of the service sector was underpinned by a similarly muted increase in new business volumes. Gains in new work continued to be undermined by ongoing falls in services exports.

Job creation was sustained in November at a solid rate that was the fastest since August. This additional capacity again enabled companies to keep on top of their existing workloads, as indicated by a fourth successive monthly decline in work outstanding.

Additional employment helped explain another rise in company operating expenses, which increased at a notable pace in November. Output charges in contrast continued to rise only modestly.

Looking ahead to the coming 12 months, service providers were on balance confident of an increase in activity from present levels. Sentiment was at its highest level since July, though remained well down on the historical series average.

**Comment**

Chris Williamson, Chief Business Economist at IHS Markit said:

“The final eurozone PMI for November came in slightly ahead of the earlier flash estimate but still indicates a near-stagnant economy. The survey data are indicating GDP growth of just 0.1% in the fourth quarter, with manufacturing continuing to act as a major drag. Worryingly, the service sector is also on course for its weakest quarterly expansion for five years, hinting strongly that the slowdown continues to spread.

“New orders have not shown any growth since August, underscoring the recent weakness of demand, with sharply declining orders for manufactured goods accompanied by substantially weaker gains of new business into the service sector. Expectations are also among the lowest since the tail end of the sovereign debt crisis in 2013, as firms worry about trade wars, Brexit and slowing economic growth both at home and globally.

“The near-stalling of the economy has been accompanied by some of the weakest price pressures we’ve seen in recent years, which threatens to keep inflation well below the ECB’s target in coming months and adds to the likelihood of further policy stimulus early next year.”

-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.
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Note to Editors:

The Eurozone Composite PMI® (Purchasing Managers’ Index®) 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 November composite flash was based on 87% of the replies used in the final data. The November services flash was based on 77% of the replies used in the final data. Data were collected 12-26 November.

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):

<table>
<thead>
<tr>
<th>Index</th>
<th>Average difference</th>
<th>Average difference in absolute terms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eurozone Composite Output PMI</td>
<td>0.0</td>
<td>0.2</td>
</tr>
<tr>
<td>Eurozone Services Activity PMI</td>
<td>0.0</td>
<td>0.3</td>
</tr>
</tbody>
</table>

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.

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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.

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