

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Eurozone economy remains close to stagnation at end of 2019

Key findings:

- Final Eurozone Composite Output Index: **50.9** (Flash: 50.6, November Final: 50.6)
- Final Eurozone Services Business Activity Index: **52.8** (Flash: 52.4, November Final: 51.9)

Data collected December 5-18

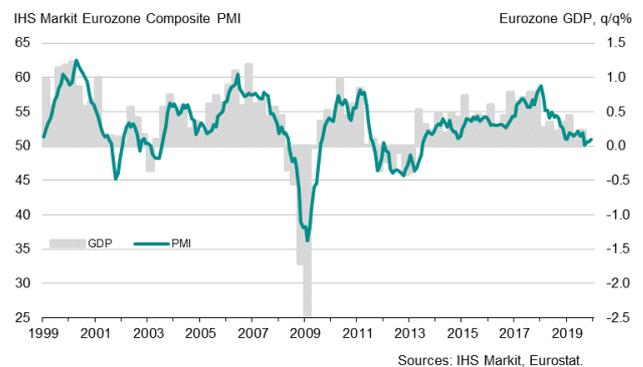
The **IHS Markit Eurozone PMI® Composite Output Index** improved slightly during December, but still signalled weak economic growth. After accounting for seasonal factors, the index recorded 50.9, up from 50.6 in November and slightly better than the earlier flash reading. Despite the improvement to a four-month high the index nonetheless continued to post at a level amongst the lowest seen since the first half of 2013.

The divergence between the performances of the manufacturing and services economies remained noticeable in December. Overall growth remained centred on the service sector, with growth here reaching a four-month high. In contrast, manufacturing output declined at a rate not exceeded for nearly seven years.

At the national level, Ireland moved to the top of the country rankings during December, expanding at the fastest rate for six months. Spain also registered a solid rate of expansion, as did France despite recording its slowest growth in three months.

There was some positive news in Germany, where there was a return to marginal growth following three months of contraction. In contrast, Italy remained inside negative territory for a second month, registering its worst performance in just under a year.

IHS Markit Eurozone Composite PMI



Countries ranked by Composite PMI*:

Ireland	53.0	6-month high
Spain	52.7	8-month high
France	52.0 (flash: 52.0)	3-month low
Germany	50.2 (flash: 49.4)	4-month high
Italy	49.3	11-month low

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

Supporting the upturn in overall activity was an increase of incoming new work for the first time in four months. Growth was, however, only marginal, and again undermined by weakness in foreign demand. Latest data showed exports falling for a fifteenth successive month, albeit to the weakest degree since the start of 2019.

With activity rising at a slightly faster pace than new business, companies were again able to reduce overall workloads at their units. Latest data showed that levels of work outstanding were cut for a tenth successive month during December, although the rate of contraction was marginal and the weakest since June.

Spare capacity, combined with soft new business growth, continued to weigh on hiring during December. Although payroll numbers increased

again, they did so only marginally and to the weakest degree for five years.

Nonetheless, higher labour costs remained a key factor behind increased operating expenses at the end of 2019. December's PMI data indicated another solid rise in input costs, with inflation little-changed since November. Output charges were also raised, although only modestly as competitive pressures and weak demand conditions limited pricing power.

Finally, confidence about the future improved during December to its highest level since May, though remained well below par. The improvement was broad-based, with the exception of France. Germany in particular saw a strong rise in confidence since November, although sentiment remained weaker than in Italy, Spain and Ireland.

Services

The **IHS Markit Eurozone PMI[®] Services Business Activity Index** improved in December to a four-month high of 52.8, up from 51.9 in November. All nations covered by the survey recorded growth in activity, led by Spain and Ireland.

A similar-sized increase in new work was recorded in December, although growth was again dampened by a reduction in new export business, the sixteenth in as many months.

Capacity came under pressure, as signalled by a first increase in outstanding business for five months. Modest backlog growth subsequently encouraged firms to take on additional staff, albeit at the slowest rate since the start of 2019.

Rising staffing costs were again a key driver of input price inflation, which was little-changed at a marked level in December. Margins remained under pressure as output charges increased only modestly since the previous month.

Looking ahead to the coming 12 months, business confidence about the future strengthened to its highest level since July. The upturn was led by a strong improvement in sentiment amongst German service providers.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“Another month of subdued business activity in December rounded off the eurozone’s worst quarter since 2013. The PMI data suggest the euro area will struggle to have grown by more than 0.1% in the closing three months of 2019.

“At face value, the weak performance is disappointing given additional stimulus from the ECB, with the drag from the ongoing plight of the manufacturing sector a major concern. However, policymakers will be encouraged by the resilient performance of the more domestically-focused service sector, where growth accelerated in December to its highest since August. Business optimism about the year ahead has also improved to its best since last May, suggesting the mood among business has steadily improved in recent months.

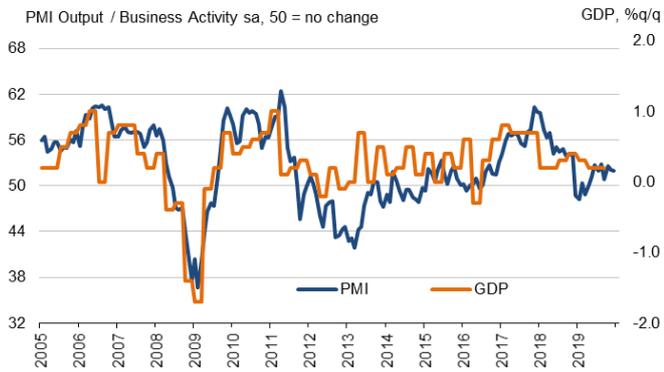
“While the tide may be turning, downside risks to growth in the year ahead nevertheless remain notable. While US-China trade wars have eased, any escalation of trade tensions between the US and Europe will likely hit exports further. Brexit also remains a major uncertainty and is likely to continue to dampen growth in Europe. Nonetheless, in the absence of any major adverse developments we expect to see growth starting to improve as 2020 proceeds, with low inflation and easing financial conditions supporting consumer spending in particular.”

-Ends-

** [Click here](#) for further details of using the PMI to measure GDP in advance.

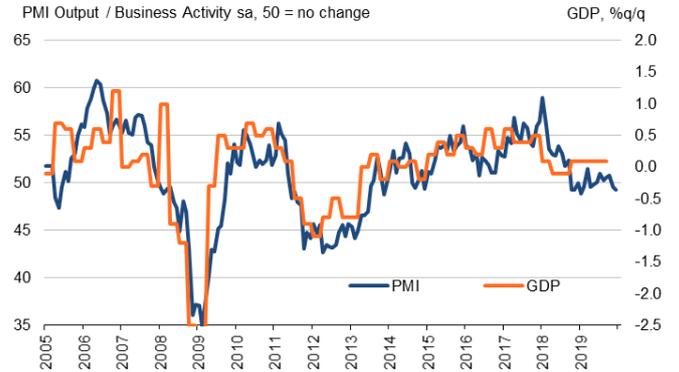
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

France



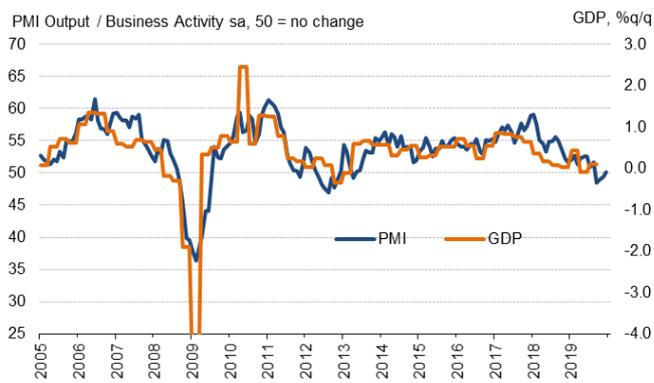
Source: IHS Markit, INSEE GDP = gross domestic product

Italy



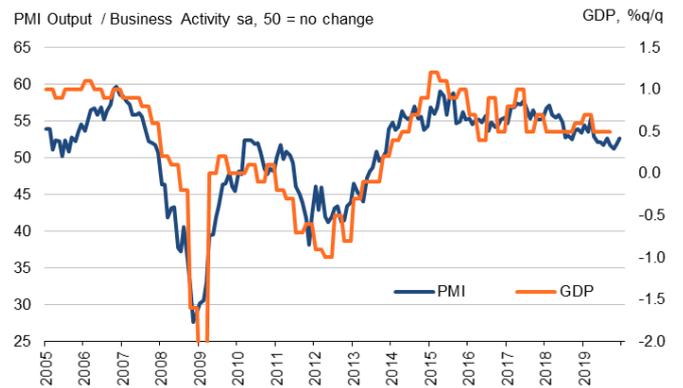
Source: IHS Markit, ISTAT GDP = gross domestic product

Germany



Source: IHS Markit, FSO. GDP = gross domestic product

Spain



Source: IHS Markit, INE. GDP = gross domestic product

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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 December composite flash was based on 85% of the replies used in the final data. The December services flash was based on 81% of the replies used in the final data. **Data were collected 5-18 December.**

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.

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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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