News Release

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

PMI drops to lowest level since October 2012

Key findings:

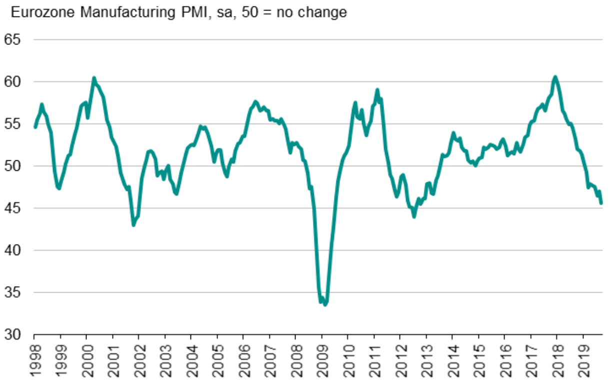
- Final Eurozone Manufacturing PMI at 45.7 in September (Flash: 45.6, August Final: 47.0)
- Output, new orders and purchasing all fall sharply during September
- Input costs decline at joint-sharpest rate since April 2016

Data collected September 12-23

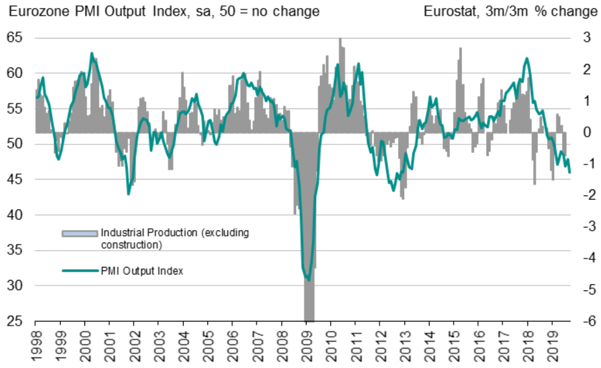
Countries ranked by Manufacturing PMI: September

Greece	53.6	3-month low
Netherlands	51.6	unchanged
France	50.1 (flash: 50.3)	2-month low
Ireland	48.7	2-month high
Italy	47.8	6-month low
Spain	47.7	77-month low
Austria	45.1	83-month low
Germany	41.7 (flash: 41.4)	123-month low

IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.



Sources: IHS Markit, Eurostat

Operating conditions in the euro area's manufacturing economy deteriorated in September to the greatest degree in just under seven years. After accounting for seasonality, the IHS Markit Eurozone Manufacturing PMI® fell to 45.7, down from 47.0 in August and its lowest reading since October 2012. Latest data indicated the eighth successive month that the PMI has posted below the 50.0 no-change mark.

All three market groups covered by the survey showed a deterioration in operating conditions. Investment goods producers registered the sharpest deterioration, followed by intermediate goods. Consumer goods recorded a PMI reading below the 50.0 no-change mark for the first time since November 2013.

The region's manufacturing downturn was led in the main by rapidly deteriorating operating conditions in Germany, with the respective PMI falling to its lowest level since June 2009. Austria also experienced a notable deterioration, whilst Spain, Italy, and Ireland also recorded sub-50.0 PMI readings during September.

Meanwhile, France barely grew whilst there was only modest growth in the Netherlands. Greece remained the best-performing of all countries, despite the rate of expansion slipping to a three-month low.

The fall in the headline PMI was driven mainly by the sharpest contraction in new orders since October 2012. All countries except Greece and the Netherlands saw a reduction in new work, with Germany registering a substantial fall that was the greatest seen since April 2009.

Weakening demand was apparent both at home and abroad, with latest data showing exports* falling at a rate only slightly weaker than July's near eight-year record.

Poor trends in new work served to depress production, with September's survey indicating the greatest month-on-month fall in output since the end of 2012. Nonetheless, signs of excess capacity persisted with backlogs being cut at a considerable rate. This in turn placed pressure on payroll numbers, with the latest data showing a fifth successive monthly reduction in employment. Moreover, the degree to which jobs were cut was also the sharpest since April 2013.

Lower production and new work led firms to pare back their purchasing activity for a tenth successive month in September. The degree to which buying was cut was also the sharpest in just under seven years and helped explain a seventh successive monthly improvement in suppliers' delivery times.

With demand faltering and little evidence of supply-side constraints, average purchase prices continued to fall. That extended the current period of deflation to four months and the degree to which prices declined was also the joint-sharpest recorded since April 2016. Manufacturers were subsequently able to reduce their own charges for a third successive month, and at a slightly faster rate.

Finally, with ongoing concerns over Brexit and the negative effect on trade of the US-China trade war, confidence about the future was little-changed since August, when sentiment was at its lowest level since November 2012. German firms were again pessimistic about the future, as were Austrian companies. Moreover, except for the Netherlands, confidence was lower across all surveyed nations during September.

** Includes intra-eurozone trade.*

Comment

Commenting on the final Manufacturing PMI data, Chris Williamson, Chief Business Economist at IHS Markit said:

"The health of the eurozone manufacturing sector went from bad to worse in September, with the PMI survey indicating the steepest downturn for nearly seven years and sending increasingly grim signals for the fourth quarter.

"The September PMI points to manufacturing output falling at a quarterly rate in excess of 1%, representing a severe drag on GDP in the third quarter. Germany is leading the downturn, with the PMI down to levels not seen since 2009, but Italy and Spain are also in deepening downturns, whilst France's manufacturing sector has stalled.

"There's likely worse to come, with forward-looking indicators (such as the orders to-inventory ratio) deteriorating further during the month. Businesses also remain downbeat about the year ahead, with optimism around a seven-year low amid trade war worries, signs of slowing global economic growth and geopolitical concerns, including heightened anxiety over a disruptive Brexit.

"Adding to the gloom, jobs are now being cut at the fastest rate since early 2013, which is not only a sign of manufacturers bracing themselves for more trouble ahead, but also adds to the risk that a deteriorating labour market will hit households and the service sector."

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The September 2019 flash was based on 90% of the replies used in the final data.

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 Manufacturing *PMI*	0.0	0.1

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 revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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.