

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 4th November 2021

IHS Markit Eurozone Composite PMI[®] – final data

Includes IHS Markit Eurozone Services PMI[®]

Eurozone growth slows to six-month low as supply issues restrain business activity

Key findings:

- Final Eurozone Composite Output Index: **54.2** (Flash: 54.3, Sep Final: 56.2)
- Final Eurozone Services Business Activity Index: **54.6** (Flash: 54.7, Sep Final: 56.4)

Data collected 11-26 October

The slowdown in euro area growth continued at the start of the fourth quarter as expansions in the manufacturing and service sectors cooled. Growth at goods producers slowed to a particularly notable degree, easing to the weakest since the recovery in manufacturing began last July. Meanwhile, activity growth hit a six-month low at service providers as strong post-lockdown rates of expansion petered out.

Supply-side constraints were a major headwind to businesses in October and also fuelled strong inflationary pressures, with both input costs and output prices rising at record rates.

After accounting for seasonal factors, the **IHS Markit Eurozone PMI[®] Composite Output Index** fell to 54.2 in October, from 56.2 in September and its lowest reading for six months. Furthermore, the latest data represented a third successive slowdown in growth across the euro area and marked a further easing from July's 15-year high.

The service sector continued to be the primary driver of economic growth at the start of the fourth quarter, despite the expansion weakening. Meanwhile, material shortages and supply bottlenecks squeezed production at manufacturers, particularly in the autos sector.

IHS Markit Eurozone Composite PMI Output Index



Countries ranked by Composite PMI*:

Ireland	62.5	2-month high
Spain	56.2	6-month low
France	54.7 (flash: 54.7)	6-month low
Italy	54.2	6-month low
Germany	52.0 (flash: 52.0)	8-month low

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

Weaker rates of output growth were, with the exception of Ireland, broad-based across the euro area. Germany recorded the softest increase in activity during October and registered marked slowdowns in both monitored sectors. Ireland's economy produced a robust performance in October, with growth remaining among the fastest on record.

The slowing trend in business activity was also mirrored in that of new orders during October. Demand for eurozone goods and services rose to the softest extent in six months as order book growth weakened in a broad-based fashion. That said, new export business rose solidly and at a rate which was

unchanged since September. According to reports, looser travel restrictions supported faster growth in demand for services from international clients.

Nevertheless, backlogs of work continued to rise at an elevated pace in October, particularly in the manufacturing sector, as component shortages and substantial lead times on input deliveries weighed on production schedules. Outstanding work at services firms rose at a slower pace as reports of staff shortages faded.

Indeed, overall jobs growth strengthened across the eurozone during the latest survey period and was among the fastest since data collection began in 1998.

In further positive news, business confidence held stable in October and at a level that was well-above the historical average. Trends did diverge by sector, as waning optimism at goods producers was offset by improved sentiment in the services sector.

Finally, as a result of the intense supply-side issues at present, but also as a consequence of rising costs for energy, fuel and labour, input price inflation hit a fresh series record in October. To combat greater cost burdens, firms also increased their selling charges to the fastest extent on record.

Services

The **IHS Markit Eurozone PMI® Services Business Activity Index** fell to a six-month low of 54.6 in October, from 56.4 in September. The headline services figure has now shed over five points since July's 15-year zenith as business activity across the euro area gets closer to pre-pandemic levels.

New business growth slowed fractionally in October, although increased tourism and greater flexibility towards international travel reportedly boosted overseas demand.

The strong growth trend in service sector employment continued into October, with staffing levels rising at the quickest pace since October 2007. As a result, the rate of backlog accumulation was its slowest since April.

Inflationary pressures continued to build as service providers registered the strongest increases in both costs and selling prices for just over 21 years.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“Eurozone growth has slowed sharply at the start of the fourth quarter, with manufacturing hamstrung by supply constraints and services losing momentum as the rebound from lockdowns fades.

“Despite the slowdown, the rate of expansion remains consistent with quarterly GDP growth of 0.5%, but there’s a worrying lack of clarity on the direction of travel in coming months.

“With supply shortages getting worse rather than better in October, manufacturing growth is likely to remain subdued for some time to come. That would leave the economy reliant on the service sector to drive growth, and there are already signs that rising virus case numbers are dampening activity in many service sector businesses, notably – but by no means exclusively – in Germany.

“Ongoing supply shortages meanwhile suggest that high price pressures will persist into next year, but as yet there are no signs of persistent strong wage growth, which would be the bigger concern for the longer-term inflation outlook.”

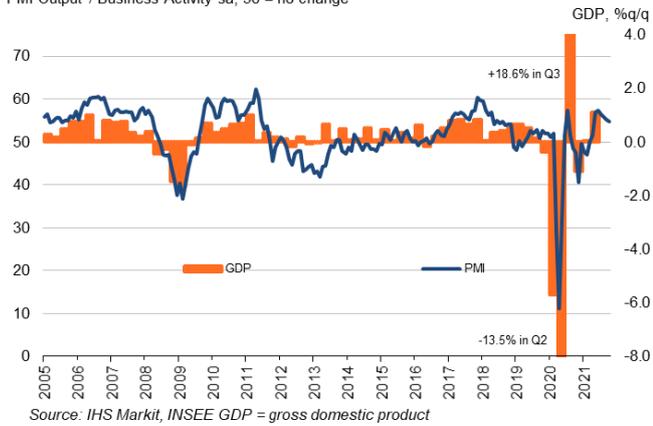
-Ends-

** [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.

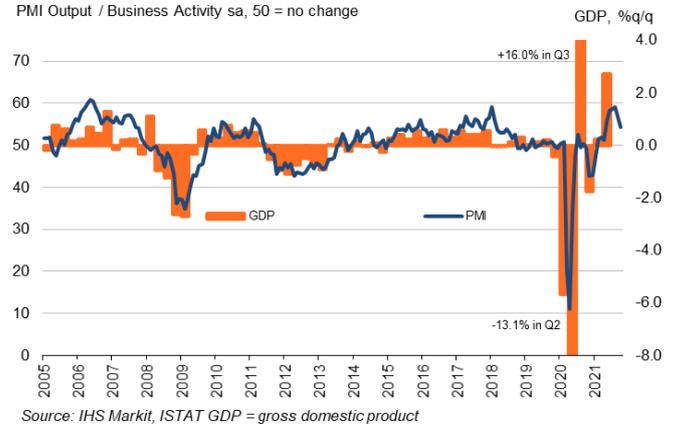
France

PMI Output / Business Activity sa, 50 = no change



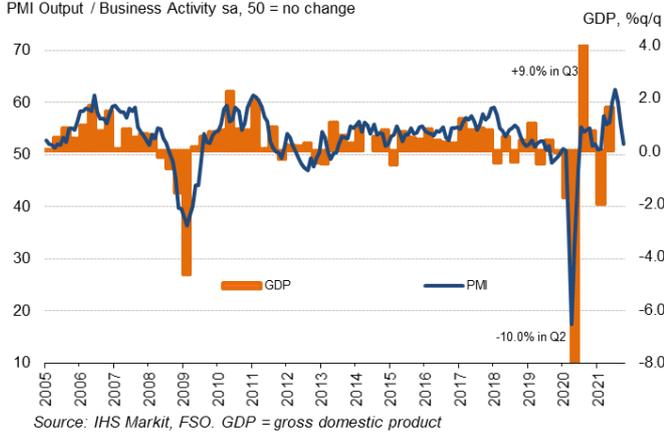
Italy

PMI Output / Business Activity sa, 50 = no change



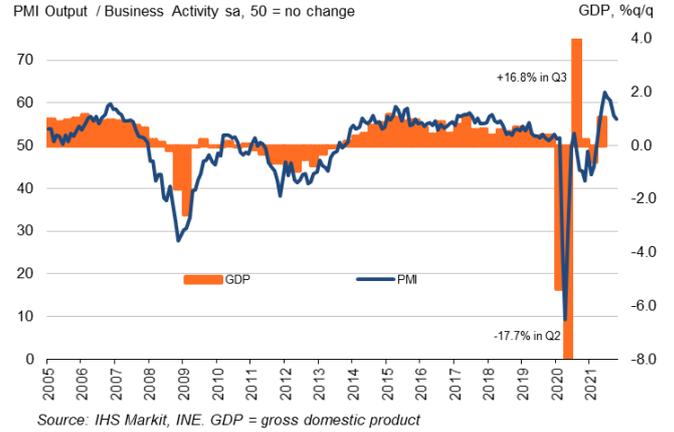
Germany

PMI Output / Business Activity sa, 50 = no change



Spain

PMI Output / Business Activity sa, 50 = no change



For further information, please contact:

Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@ihsmarkit.com

Joe Hayes, Senior Economist
Telephone +44-1344-328-099
Email joseph.hayes@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@ihsmarkit.com

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 October composite flash was based on 86% of the replies used in the final data. The October services flash was based on 80% 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 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.

About IHS Markit (www.ihsmarkit.com)

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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2021 IHS Markit Ltd. All rights reserved.

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>.

The intellectual property rights to the Eurozone Composite and Services *PMI*[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[®] and *PMI*[®] are either registered trademarks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).