

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 3rd October 2019

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Euro area private sector close to stagnation in September

Key findings:

- Final Eurozone Composite Output Index: **50.1** (Flash: 50.4, August Final: 51.9)
- Final Eurozone Services Business Activity Index: **51.6** (Flash: 52.0, August Final: 53.5)

Data collected September 12-25

The **IHS Markit Eurozone PMI® Composite Output Index** fell in September to a level only slightly above the crucial 50.0 no-change mark. After accounting for seasonal factors, the index recorded 50.1, down from 51.9 (and lower than the earlier flash reading of 50.4). September's figure was the lowest since June 2013 and signalled a broad stagnation of the private sector economy at the end of the third quarter of 2019.

Weakness remained centred on the manufacturing economy. Latest data showed that the goods-producing sector experienced its sharpest fall in output for nearly seven years. In contrast, services experienced a further uplift in activity. However, the rate of growth was modest and the weakest since the start of the year.

National data showed Germany slipping into contraction territory during September for the first time since April 2013, and the only country to record a fall in activity compared to August.

Growth was nonetheless relatively weak elsewhere. Italy and France registered only marginal increases in economic output, whilst growth weakened in both Ireland and Spain.

Weighing on the euro area's private sector during September was a deterioration in the level of incoming new work. Data showed new business falling for the first time since January and, albeit modestly, to the greatest degree since mid-2013.

IHS Markit Eurozone Composite PMI



Countries ranked by Composite PMI*:

Spain	51.7	2-month low
Ireland	51.0	78-month low
France	50.8 (flash: 51.3)	5-month low
Italy	50.6	2-month high
Germany	48.5 (flash: 49.1)	83-month low

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

Export trade remained a key source of new business weakness as highlighted by another monthly decline in overall new export orders. According to the PMI figures, exports have been falling throughout the past year and September's deterioration was the sharpest since composite export data were first available just over five years ago.

Faced with deteriorating demand conditions, overall activity levels were subsequently sustained via a reduction in business outstanding. A seventh successive monthly decline in backlogs of unfinished business was signalled by September's survey data, with the rate of contraction the sharpest recorded by the survey since November 2014.

Despite activity levels being little changed, and new business falling, employment growth was sustained in September. However, the rate of expansion was modest and the weakest recorded by the survey in three-and-a-half years. Except for Spain, job creation was weaker across the euro area with Germany recording the weakest net increase in employment.

Price pressures also continued to dissipate in September, with input costs rising at the slowest rate since August 2016. Output charges increased only marginally with the rate of inflation softening to a near three-year low.

Finally, ongoing concerns over the global manufacturing downturn and political uncertainty around Brexit continued to weigh on confidence. Latest data showed sentiment only slightly higher than August's 75-month low.

Services

September's IHS Markit Eurozone PMI[®] Services Business Activity Index indicated a notable slowdown in service sector growth. Posting 51.6, down from 53.5 in the previous month, the index signalled the weakest increase in activity since the start of 2019.

New business volumes also rose at a slower rate during September, increasing only marginally as demand faltered, especially from foreign clients. Services exports declined in September for a thirteenth consecutive month and at a series-record rate.

Companies were subsequently able to keep on top of workloads, with backlogs of work falling for a second successive month. Firms continued to recruit additional staff, although the rate of growth softened to an eight-month low.

Meanwhile, operating expenses rose markedly in September, but at the weakest degree for 25 months. With competitive pressures and demand faltering, output prices charged for services were raised only modestly in September.

Finally, confidence about the year ahead was stronger than in August, but nonetheless remained historically weak and amongst the lowest in the past five years.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The eurozone economy ground to a halt in September, the PMI surveys painting the darkest picture since the current period of expansion began in mid-2013. GDP looks set to rise by 0.1% at best in the third quarter, with signs of further momentum being lost as we head into the fourth quarter, meaning the risk of recession is now very real. Inflows of new business are falling at the fastest rate for over six years and employment growth has hit the lowest since early 2016. Companies are increasingly looking to reduce overheads and tighten belts in the face of falling demand and an uncertain outlook.

"The downturn also shows further signs of spreading from manufacturing to services. While the goods-producing sector is stuck in its deepest downturn since 2012, the service sector has also seen its growth rate slow sharply to one of the weakest for six years.

"The deteriorating picture is being led by a downturn in Germany, but France and Italy are also close to stalling and Spain has seen growth slow to the joint-lowest in around six years.

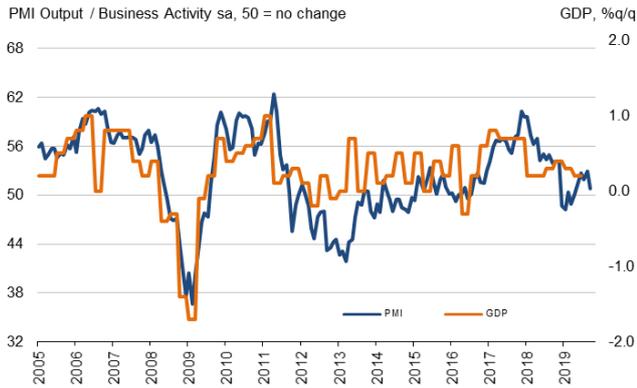
"The growing risk of recession, coupled with a further moderation of inflationary pressures, will add to expectations that the ECB will need to do more to stimulate the economy in coming months."

-Ends-

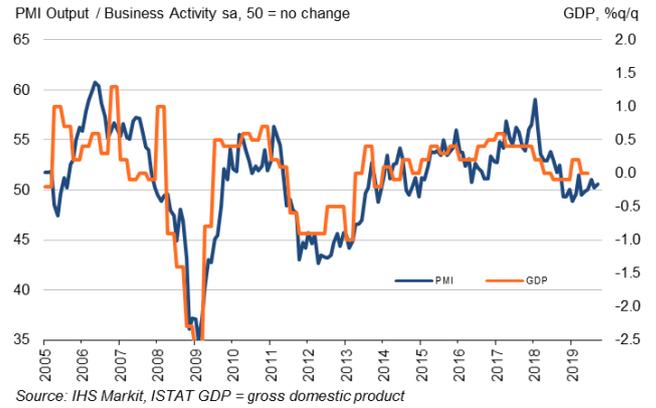
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

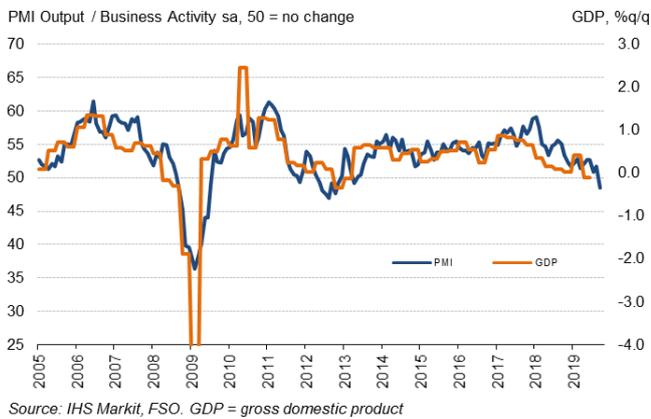
France



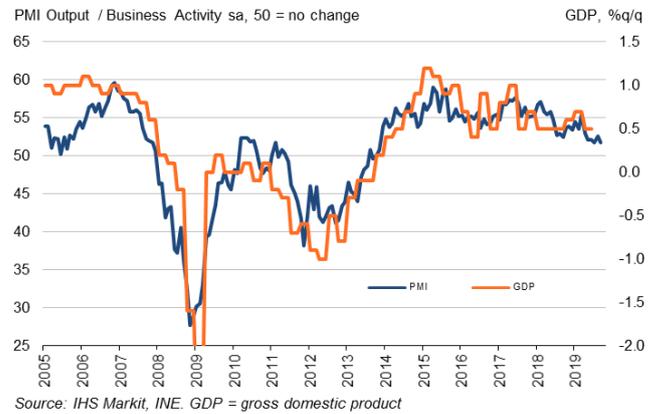
Italy



Germany



Spain



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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 September composite flash was based on 85% of the replies used in the final data. The September services flash was based on 77% of the replies used in the final data. **Data were collected 12-25 September.**

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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