

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 23 September 2021**

## IHS Markit Flash Eurozone PMI®

### Eurozone flash PMI points to slower growth as bottlenecks curb activity and input price gauge hits 21-year high

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 56.1 (59.0 in August). 5-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 56.3 (59.0 in August). 4-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 55.6 (59.0 in August). 8-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 58.7 (61.4 in August). 7-month low.

Data collected September 13-22

Eurozone business activity grew at a markedly reduced rate in September, reflecting the peaking of demand in the second quarter, supply chain bottlenecks and concerns over the ongoing pandemic. Business expectations for the coming year were also knocked by rising worries over the impact of the Delta variant on demand and supply chains, contributing to a further moderation in the rate of job creation from July's 21-year peak.

Firms' costs meanwhile rose at the fastest rate in 21 years as demand again outstripped supply, with price rises increasingly feeding through from manufacturing to services.

#### IHS Markit Eurozone PMI and GDP



The headline IHS Markit Eurozone Composite PMI® fell sharply in September, dropping from 59.0 in August to 56.1 to indicate a further cooling of the rate of expansion from July's 15-year high, according to the 'flash' reading\*. The latest increase in business activity was the smallest since April, albeit still well above the survey's pre-pandemic long-run trend to signal another month of above-average strong growth.

Robust but slowing growth was recorded across both manufacturing and services, with the latter outperforming modestly. Whereas the service sector merely saw growth slip to the weakest since May, manufacturers reported the smallest production gain since January.

Slower production growth in manufacturing was primarily linked to supply chain constraints, which also affected some service providers. The ongoing pandemic was meanwhile again also often widely blamed for subdued demand growth, notably in curbing service sector exports.

Measured overall, inflows of new orders rose at the slowest pace since April, with demand growing at reduced rates in both manufacturing and services after exceptionally strong gains seen in prior months.

New export order\*\* growth likewise waned, dropping to the lowest since February. The pace of expansion cooled sharply in manufacturing, while new business from abroad increased only modestly in services.

Backlogs of uncompleted orders meanwhile rose sharply again, most notably in manufacturing, commonly reflecting supply constraints.

Suppliers' delivery times, a key gauge of supply chain delays in the manufacturing sector, lengthened at an increased rate in September,

continuing to extend to a degree greatly exceeding anything seen prior to the pandemic.

Shortages once again fed through to a steep rise in firms' input costs. Across manufacturing and services, input costs rose at the sharpest rate since September 2000. Service sector input cost inflation hit the highest since July 2008 while input price inflation in manufacturing remained close to all-time highs.

Higher costs were commonly passed on to customers. Measured overall, selling price inflation accelerated in September, rising to the third-highest rate seen over the past two decades, exceeded only by the increases seen in June and July.

Employment growth meanwhile slipped to a four-month low, moderating in both manufacturing and services amid some concerns over the resilience of future demand and supply, yet remained historically strong – among the highest seen over the past two decades – as companies continued to rebuild or expand capacity.

Similarly, future sentiment moderated for a third month running to the lowest since January, linked to concerns over the ongoing pandemic, notably in the service sector.

Within the eurozone, growth slowed especially sharply in **Germany**, down to its lowest since February, with marked coolings seen in both manufacturing and services, the former in particular hit by supply constraints.

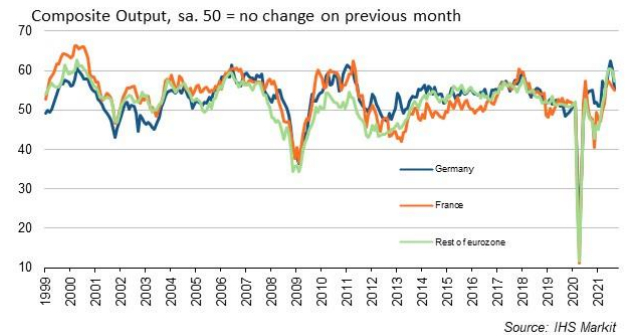
Growth also moderated in **France**, slipping further from June's peak to the lowest since April. The service sector showed more resilience than manufacturing, the latter seeing output increase only modestly as shortages continued to bite.

Growth in the **rest of the eurozone** as a whole outpaced that seen in Germany and France, though eased to the slowest since April, led by a softer services expansion and some waning of growth in manufacturing.

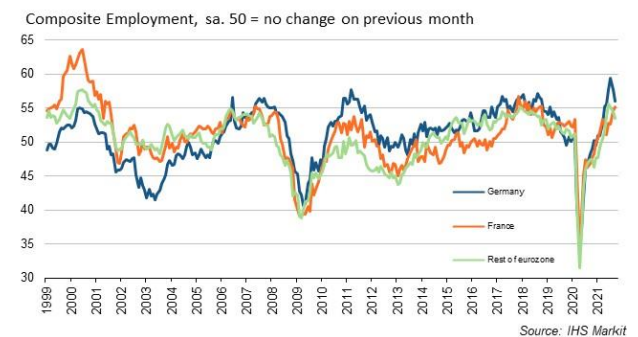
\* The flash estimate is typically based on approximately 85% of the final number of replies received each month, covering all countries included in the final PMI readings. However, only national data for France and Germany are published.

\*\* exports include intra-eurozone trade.

### Core v. Periphery PMI Output Indices



### Core v. Periphery PMI Employment Indices



### Comment

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

*“September’s flash PMI highlights an unwelcome combination of sharply slower economic growth and steeply rising prices.*

*“On one hand, some cooling of growth from the two-decade highs seen earlier in the summer was to be expected. On the other hand, firms have become increasingly frustrated by supply delays, shortages and ever-higher prices for inputs. Businesses, most notably in manufacturing but also now in the service sector, are being constrained as a result, often losing sales and customers.*

*“Concerns over high prices, stressed supply chains and the resilience of demand in the ongoing pandemic environment has consequently eroded business confidence, with expectations for the year ahead now down to the lowest since January.*

*“For now, the overall rate of expansion remains solid, despite slowing, but growth looks likely to weaken further in coming months if the price and supply headwinds show no signs of abating,*

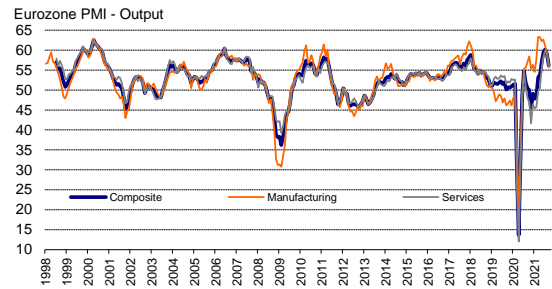
especially if accompanied by any rise in virus cases as we head into the autumn.”

-Ends-

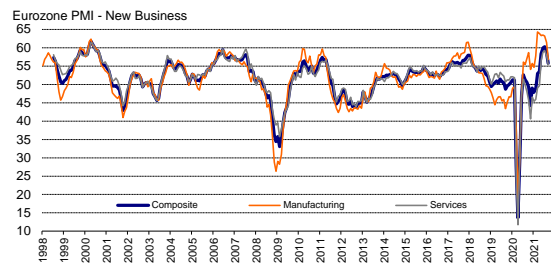
### Summary of September data

<b>Output</b>	<b>Composite</b>	<b>Slowest rise in output since April.</b>
	Services	Growth remains marked despite easing.
	Manufacturing	Weakest rise in output since January.
<b>New Orders</b>	<b>Composite</b>	<b>New order growth softens.</b>
	Services	New business increases at more moderate pace.
	Manufacturing	Slowest rise in new work in eight months.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Further marked rise in backlogs.</b>
	Services	Solid accumulation of outstanding business.
	Manufacturing	Backlogs continue to increase sharply.
<b>Employment</b>	<b>Composite</b>	<b>Eighth successive increase in employment.</b>
	Services	Further marked pace of job creation.
	Manufacturing	Jobs growth eases to six-month low.
<b>Input Prices</b>	<b>Composite</b>	<b>Input cost inflation at 21-year high.</b>
	Services	Sharpest increase since July 2008.
	Manufacturing	Rate of inflation ticks higher.
<b>Output Prices</b>	<b>Composite</b>	<b>Charges increase at near-record pace.</b>
	Services	Output price inflation accelerates.
	Manufacturing	Substantial rise in output prices.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI at seven-month low of 58.7.

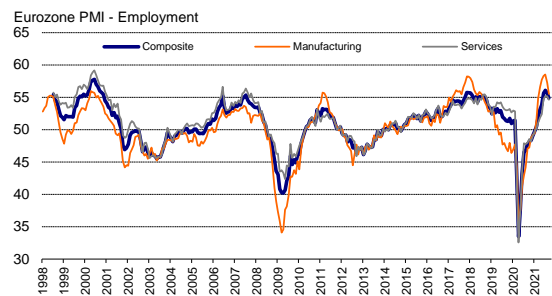
### Output



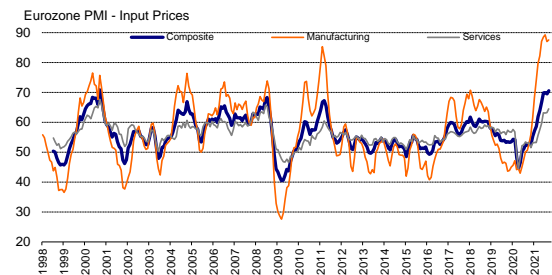
### New business



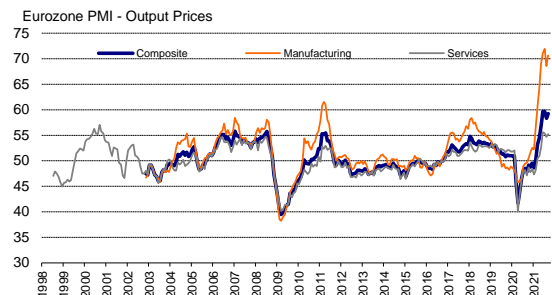
### Employment



### Input prices



### Output prices



Source: IHS Markit.

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**Note to Editors:**

Final September data are published on 1 October for manufacturing and 5 October for services and composite indicators.

The Eurozone *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Index <sup>1</sup>	0.0	0.3
Eurozone Manufacturing <i>PMI</i> <sup>2</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.1	0.3

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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](mailto:economics@ihsmarkit.com).

**Notes**

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

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**About PMI**

Purchasing Managers' Index<sup>®</sup> (*PMI*<sup>®</sup>) 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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