

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) September 4<sup>th</sup> 2019**

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Growth of euro area private sector remains modest in August

**Key findings:**

- Final Eurozone Composite Output Index: **51.9** (Flash: 51.8, July Final: 51.5)
- Final Eurozone Services Business Activity Index: **53.5** (Flash: 53.4, July Final: 53.2)

Data collected August 12-27

The **IHS Markit Eurozone PMI® Composite Output Index** signalled the continued expansion of the euro area private sector during August. Growth nonetheless remained modest, despite improving slightly since July. After accounting for seasonal factors, the index posted 51.9, compared to 51.5 in the previous month.

In line with the recent trend, there remained a historically marked divergence between the performance of the manufacturing and services economies. Whereas the latter expanded at a solid, and slightly faster pace, goods producers endured another period of falling output (the seventh in successive months).

At the national level, France performed best, with growth driven by a solid service sector performance and a renewed rise in manufacturing output. Spain also registered solid growth, and the fastest in four months, whilst modest gains in output were seen in both Germany and Ireland.

Italy meanwhile was the only nation to experience a slowdown in growth compared to July and, by registering only a marginal rise in private sector output, was the weakest-performing nation.

The expansion of the euro area private sector reflected both an increase in new work and a sixth successive monthly fall in backlogs of unfinished business.

#### IHS Markit Eurozone Composite PMI



**Countries ranked by Composite PMI\*:**

France	52.9 (flash: 52.7)	9-month high
Spain	52.6	4-month high
Ireland	51.8	unchanged
Germany	51.7 (flash: 51.4)	2-month high
Italy	50.3	2-month low

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

Latest data showed that incoming new work increased, but only marginally as overall demand conditions remained fragile, especially for manufacturers and those exposed to export trade. Indeed, overall sales gains were weighed down by an eleventh successive monthly reduction in new export work, with the rate of contraction amongst the sharpest in five years of data collection.

With activity rising at a stronger rate than new business, backlogs of unfinished work were naturally reduced in August. Moreover, the rate of decline was the fastest recorded by the survey since November 2014.

Evidence of spare capacity weighed on hiring during the latest survey period. Although employment continued to rise, extending the current period of growth to just under five years, the

degree to which jobs rose was modest and the weakest since March 2016. August data showed higher employment across the single currency area. France recorded the strongest growth, and Spain the lowest.

Worries over the future also served to limit overall jobs gains. With concerns over the ongoing impact on activity of the continuing US-China trade war, plus mounting political uncertainties in Europe, confidence amongst euro area private sector companies fell to its lowest since May 2013.

Finally, operating expenses rose again during August, and to the greatest degree since May. Average output charges were increased in response, albeit only modestly.

## Services

The **IHS Markit Eurozone PMI<sup>®</sup> Services Business Activity Index** signalled a further solid increase of business activity during August. Remaining above the 50.0 no-change mark for a seventy-third successive month, the index recorded 53.5 in August compared to 53.2 in July.

Germany and Ireland recorded the strongest gains in activity during August, followed by Spain. France recorded solid growth while Italy remained a notable laggard, registering only a marginal increase in activity since July.

Higher overall activity was supported by a combination of an increase in new work and a reduction in levels of work outstanding. Growth of new business was solid, but nonetheless the weakest in the past three months. Backlogs of unfinished business were lowered for the first time since March.

Meanwhile, employment growth was sustained in August, but at the weakest rate since the start of the year as worries about future activity grew. Confidence regarding activity in 12 months' time was the joint-weakest recorded by the survey since June 2013.

Rising wage expenses underpinned another marked increase in operating costs during August. Inflation was the sharpest for three months. In contrast, average output charges increased at the slowest rate since May.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The eurozone remained mired in a fragile state of weak and unbalanced growth in August,*

*"Although up on July, the latest reading indicates that GDP will rise by just 0.2% in the third quarter, assuming no substantial change in September. Official data available so far for the quarter suggest growth could be even weaker.*

*"The picture remains very mixed both by sector and country, highlighting how downside risks persist. A fierce manufacturing downturn, fuelled by deteriorating exports and most intensely felt in Germany, continues to be offset by resilient growth in the service sector, in turn propped up to a large extent by solid consumer spending in domestic markets.*

*"The big question is how long this divergence can persist before the weakness of the manufacturing sector spreads to services and households. With jobs growth waning to the slowest since early-2016 a deteriorating labour market looks set to be a key transmission mechanism by which the trade-led downturn infects the wider economy. A sharp drop in business optimism about the coming year in the service sector, down to the joint-lowest for six years, suggests that companies are already braced for tougher times ahead.*

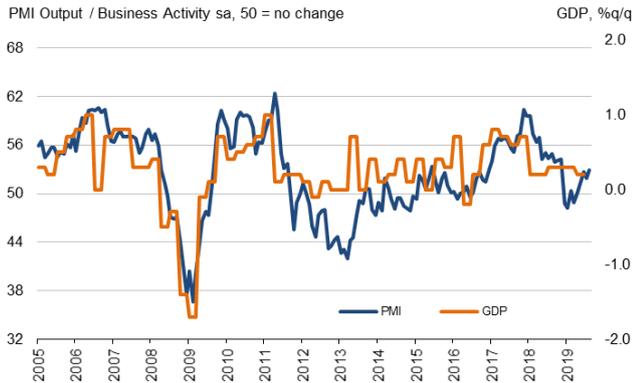
*"We therefore expect to see renewed stimulus from the ECB in September as the central bank seeks to revive demand and stem the spreading malaise."*

-Ends-

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

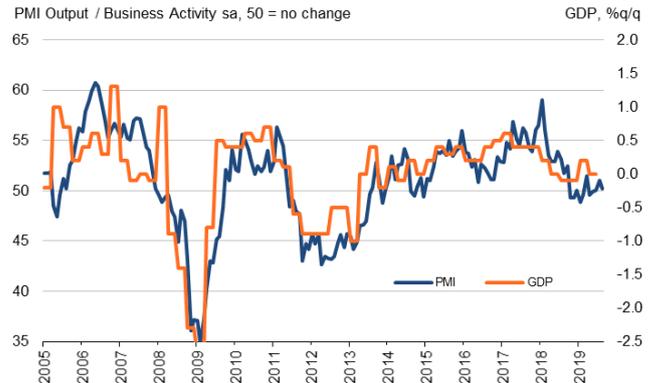
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

### France



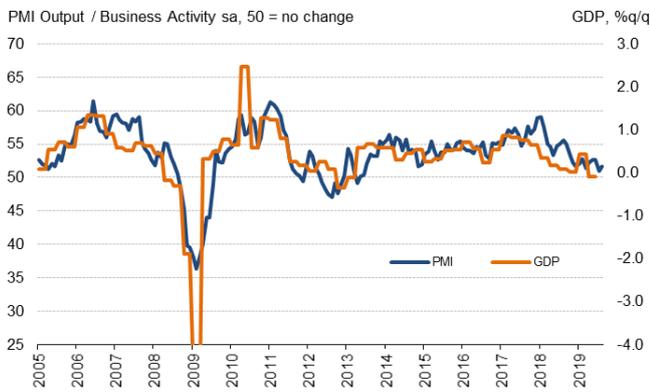
Source: IHS Markit, INSEE. GDP = gross domestic product

### Italy



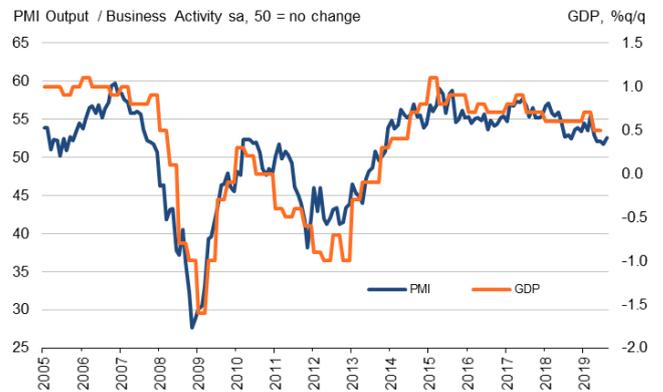
Source: IHS Markit, ISTAT. GDP = gross domestic product

### 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*<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 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 August composite flash was based on 80% of the replies used in the final data. The August services flash was based on 73% of the replies used in the final data. **Data were collected 12-27 August.**

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](mailto:economics@ihsmarkit.com).

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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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