

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 6<sup>th</sup> November 2019**

## IHS Markit Eurozone Composite PMI<sup>®</sup> – final data

Includes IHS Markit Eurozone Services PMI<sup>®</sup>

### Euro area remains close to stagnation as new work falls again

#### Key findings:

- Final Eurozone Composite Output Index: **50.6** (Flash: 50.2, September Final: 50.1)
- Final Eurozone Services Business Activity Index: **52.2** (Flash: 51.8, September Final: 51.6)

Data collected October 11-28

The **IHS Markit Eurozone PMI<sup>®</sup> Composite Output Index** improved during October, but remained close to the crucial 50.0 no-change mark. The index recorded 50.6, up from 50.1 in September and slightly better than the earlier flash reading of 50.2, but still signalling a rate of growth that was amongst the weakest seen in the past six-and-a-half years.

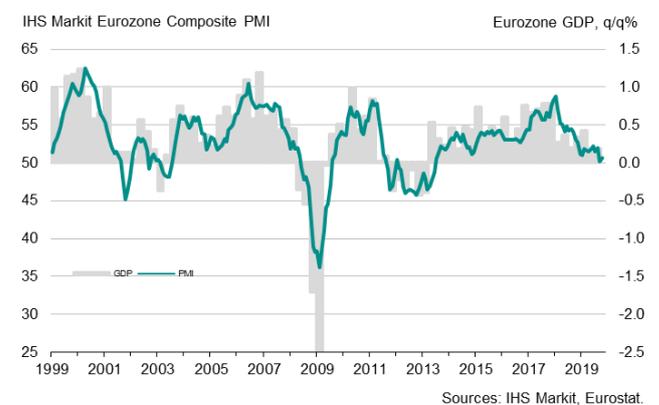
There remained a divergence between the manufacturing and service sectors during October. Whereas manufacturing firms recorded a ninth successive month of declining production, service sector companies indicated further growth, albeit at the second-weakest rate since January.

At the national level, by registering a second successive monthly deterioration in private sector output, Germany remained the only country inside contraction territory during October.

Elsewhere, Italy, Ireland and Spain all recorded marginal gains in private sector output compared to September. However, in the case of Ireland, growth was the softest in the current 89-month sequence, whilst Spain registered its weakest rise in activity for nearly six years.

France was the top-performing nation in October. Supported by a firmer gain in service sector activity, plus a return to expansion of manufacturing output, private sector growth was solid and stronger than the previous month.

#### IHS Markit Eurozone Composite PMI



Sources: IHS Markit, Eurostat.

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

France	52.6 (flash: 52.6)	2-month high
Spain	51.2	71-month low
Italy	50.8	3-month high
Ireland	50.6	89-month low
Germany	48.9 (flash: 48.6)	2-month high

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

Overall growth of the euro area private sector occurred in spite of a second successive monthly decline in new work. Weakness was centred on the manufacturing economy, where another marked fall in new orders was recorded, whilst there was also a sharp reduction in foreign demand. Overall exports were down for a thirteenth successive month, with the rate of decline amongst the sharpest in the series history.

With activity rising, but new business volumes down, companies were again able to make inroads into their overall workloads. Backlogs of work declined in October for an eighth successive month, with the rate of contraction little-changed on September's near five-year record.

Firms were also able to keep on top of their workloads via another increase in employment. However, the increase in jobs was marginal and the weakest in over four years.

Moreover, there were divergent jobs trends at the country level. France, Ireland, and Italy all registered stronger gains in employment, but Spain saw only a marginal rise and Germany recorded a first drop in payroll numbers for six years.

Meanwhile, on the price front, input costs rose at a slightly faster rate, though inflation remained close to September's 37-month low. Output charges again rose at a relatively subdued pace as a challenging business climate and competitive pressures weighed on pricing power.

Looking ahead to the coming 12 months, business confidence remained subdued as political and economic uncertainties continued to dominate the outlook. Overall sentiment was down since September and close to August's 75-month low.

## Services

The **IHS Markit Eurozone PMI® Services Business Activity Index** indicated a slightly faster rate of growth during October. However, at 52.2, compared to September's 51.6, the index nonetheless posted the second-lowest reading since January.

A marginal increase in new business volumes was signalled during October, with growth only slightly up on September's eight-month low. Export trade remained especially weak, declining for a fourteenth successive month.

There was little evidence of any pressure on capacity during October as backlogs of work fell for a third successive month. Companies were able to keep on top of workloads in part through the recruitment of additional staff. Employment growth was, however, unchanged on September's eight-month low.

Operating expenses meanwhile increased at their sharpest rate for five months amid widespread reports of higher employment costs. Although output charges also rose, they did so at a rate that remained well below that of input prices.

Finally, service sector confidence remained well below par in October, falling to a level only slightly above August's near five-year low.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The euro area remained close to stagnation in October, with falling order books suggesting that risks are currently tilted towards contraction in the fourth quarter. While the October PMI is consistent with quarterly GDP rising by 0.1%, the forward-looking data points to a possible decline in economic output in the fourth quarter.*

*"Worryingly, what little growth was seen in October was supported by firms eating into previously-placed work, meaning demand needs to revive to boost new business inflows and prevent more firms coming under further pressure to cut activity and jobs.*

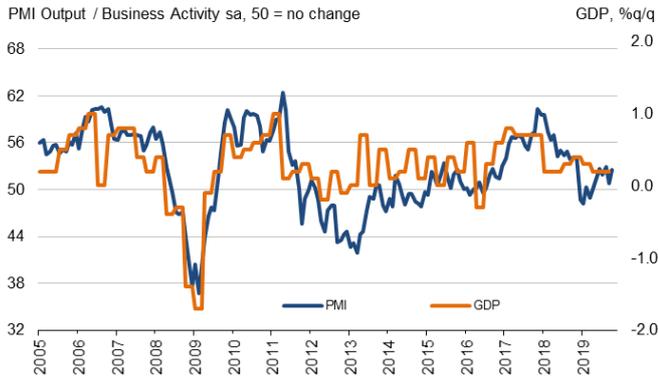
*"As for the immediate outlook, much depends on geopolitical issues such as US tariff developments and Brexit, though we will also be watching Christine Lagarde's first policy meeting on 12th December to assess the appetite for further stimulus from the ECB. Time is needed for recent policy changes to take effect, though if the data flow continues to disappoint more action is on the cards for early next year."*

-Ends-

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

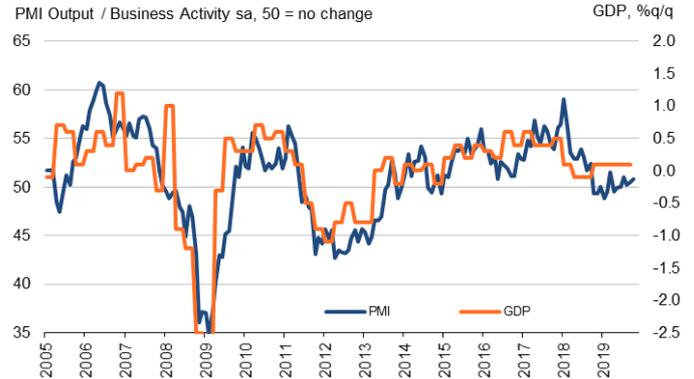
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

## France



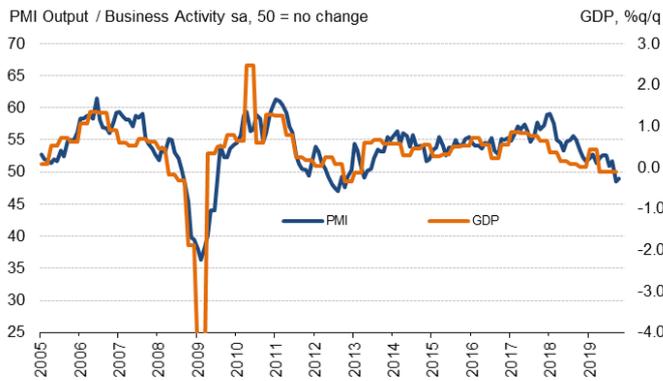
Source: IHS Markit, INSEE GDP = gross domestic product

## 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 October composite flash was based on 81% of the replies used in the final data. The October services flash was based on 89% of the replies used in the final data. **Data were collected 11-28 October.**

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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