

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Manufacturing PMI® – final data

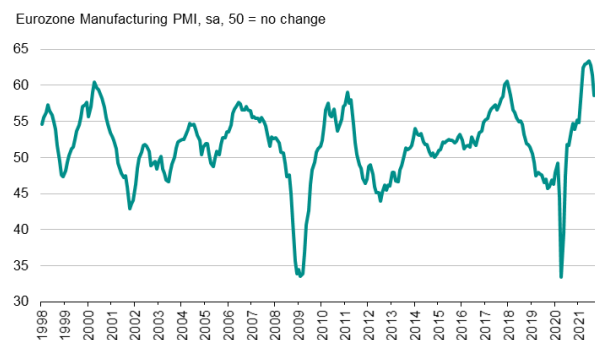
Manufacturing growth slowdown continues in September

Key findings:

- Final Eurozone Manufacturing PMI at 58.6 in September (Flash: 58.7, Aug Final: 61.4)
- Largest drop in headline index since April 2020 as supply-side constraints impact goods producers
- Acute inflationary pressures persist as supplier delivery times continue to lengthen considerably

Data collected 13-23 September

IHS Markit Eurozone Manufacturing PMI



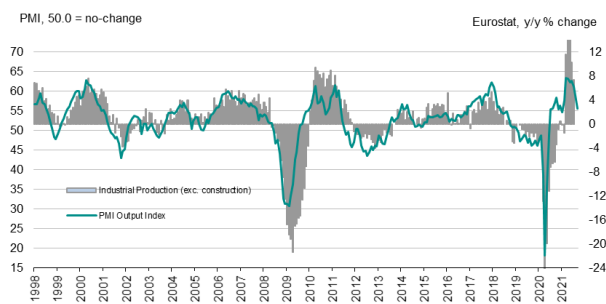
Source: IHS Markit.

Euro area manufacturers recorded another strong improvement in operating conditions during September, latest PMI® data showed, owing to further marked rates of expansion in output, new orders and employment. That said, notable slowdowns were seen in all three cases, causing the headline PMI to fall by its largest margin since April 2020, right at the start of the COVID-19 pandemic when virus containment measures were being implemented across the currency bloc and globally.

The final reading of the IHS Markit Eurozone Manufacturing PMI for September of 58.6 was a fraction below the preliminary 'flash' print of 58.7, but a notable step down from 61.4 seen in August and the lowest since February.

Countries ranked by Manufacturing PMI: September

Austria	62.8	2-month high
Netherlands	62.0	7-month low
Ireland	60.3	6-month low
Italy	59.7	7-month low
Germany	58.4 (flash: 58.5)	8-month low
Greece	58.4	2-month low
Spain	58.1	5-month low
France	55.0 (flash: 55.2)	8-month low



Source: IHS Markit, Eurostat

Manufacturing PMI data by euro area member states revealed that it was the relatively smaller nations that saw the greatest improvement in conditions during September, with Austria topping the growth rankings. Austria was also the only economy to see faster manufacturing growth over the month as expansions slowed elsewhere. Meanwhile, Germany registered the most notable slowdown compared with August, with the headline index slumping by over four points.

The drop in the Manufacturing PMI was driven by the index's two principal components, new orders and output, which signalled considerable moderations in growth when compared with August. In both cases, the expansions were still strong, but the weakest for eight months.

Meanwhile, following on from the sharp rates of increase seen in previous months, new export* orders grew at the slowest rate since January.

Supply constraints were a key hindrance to production schedules during September, while softer demand conditions were another contributing factor.

Supplier delivery times continued to lengthen to a substantial degree in September. Furthermore, the extent to which vendor performance deteriorated was greater than in August. Shortages of electronic components and raw materials were particularly widespread, while some firms commented on poor container availability and logistical problems arising in parts of Asia.

The impact of these supply chain issues was also evident in input purchasing and inventories. Euro area manufacturers increased their buying activity at the weakest pace since January during September amid poor input availability, preventing stock replenishment efforts.

As a consequence, inflationary pressures remained acute during September. Although the rate of input price inflation was the weakest in five months, it was still above anything seen in almost 24 years of data prior to this. To protect profit margins, euro area manufacturers lifted their output prices, and to a quicker extent than seen in August.

Meanwhile, slower rises in production and new orders filtered through to recruitment in September as manufacturing jobs growth slowed to a six-month low. There was further evidence of rising capacity pressures, with backlogs of work rising sharply at the end of the third quarter. That said, the rise in outstanding business was the slowest since February.

Lastly, business confidence fractionally ticked higher during September, marking the first time since June that the level of positive sentiment has increased. That said, the degree of optimism held close to August's nine-month low.

* Includes intra-eurozone trade.

Comment

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

“While Eurozone manufacturing expanded at a robust pace in September, growth has weakened markedly as producers report a growing toll from supply chain headwinds.

“Supply issues continue to wreak havoc across large swathes of European manufacturing, with delays and shortages being reported at rates not witnessed in almost a quarter of a century and showing no signs of any imminent improvement.

“Growing supply and transport issues are not only being cited as a major constraint on both production and demand, but also once again drove prices sharply higher in September.

“Factory jobs growth has meanwhile also slowed partly due to lower labour requirements amid the widespread component shortages.

“With costs rising and factories struggling to produce enough goods to meet customer demand, the average price of goods leaving the factory gate rose at an increased rate in September, accelerating to almost match the record price jumps seen earlier in the summer.

“The supply situation should start to improve now that COVID-19 cases are falling and vaccination rates are improving in many countries, notably in several key Asian economies from which many components are sourced, but it will inevitably be a slow process which could see the theme of supply issues and rising prices run well into 2022.”

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The September 2021 flash was based on 91% 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 Manufacturing <i>PMI</i>	0.0	0.1

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 revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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