

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 5th October 2021

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Growth slows further in September as demand pressures cool and supply issues constrain business activity

Key findings:

- Final Eurozone Composite Output Index: **56.2** (Flash: 56.1, Aug Final: 59.0)
- Final Eurozone Services Business Activity Index: **56.4** (Flash: 56.3, Aug Final: 59.0)

Data collected 13-27 September

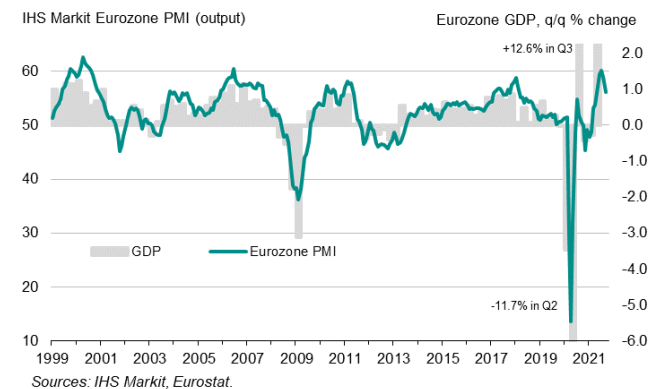
Euro area economic growth moderated for a second month running in September, marking a further retreat from the 15-year peak recorded in July as shortages of inputs impeded both manufacturing and service sector output. There were also softer rates of expansion in both new orders and employment, while businesses' output expectations were the least optimistic since February.

Meanwhile, inflationary trends moved higher in September, with input prices rising at the joint-fastest rate on record (since July 1998). Output prices subsequently rose at a pace which was only surpassed by those seen in June and July.

After accounting for seasonal factors, the **IHS Markit Eurozone PMI® Composite Output Index** fell to 56.2 in September, down from 59.0 in August and the lowest reading since April. Although indicative of a strong expansion in business activity, it marked a considerable slowdown from the expansions seen between June and August, which were among the fastest in 23 years of data collection.

At the sector level, data showed services activity growing at a faster rate than manufacturing production for the first time since the COVID-19 pandemic started in early-2020, reflecting the latter's sensitivity to ongoing supply-related issues. Regardless, rates of growth were considerably slower than in August in both sectors.

IHS Markit Eurozone Composite PMI Output Index



Countries ranked by Composite PMI*:

Ireland	61.5	5-month low
Spain	57.0	5-month low
Italy	56.6	4-month low
Germany	55.5 (flash: 55.3)	7-month low
France	55.3 (flash: 55.1)	5-month low

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

The country split revealed a broad-based loss of growth momentum during September. Of the economies monitored, it was Ireland which expanded at the fastest rate, while the softest expansions were seen in the bloc's two largest economies – France and Germany.

Demand for euro area goods and services rose for a seventh month running in September, but there was a further easing in the pace of expansion, which slumped to a five-month low. Again, as was the case with output, the slowdown was broad-based by sector and more pronounced at manufacturers. Nevertheless, goods producers still recorded a stronger rise in sales than their service-providing counterparts, partly due to resilient export demand.

At service sector firms, international sales only rose at a marginal pace in September.

Euro area employment growth rose at a marked rate in September, despite easing from August. This trend was apparent across all monitored member states, with jobs growth was particularly sharp in Ireland. Signs of capacity constraints were still evident, however, as backlogs of work across the eurozone increased sharply and for a seventh month in succession.

Businesses retained an elevated level of confidence towards the 12-month outlook in September, despite the level of optimism dipping to its lowest since February.

Lastly, having cooled slightly in August, rates of inflation re-accelerated during the latest survey period. In fact, input costs increased at the joint-fastest rate on record (since July 1998), while output prices were increased at a rate that was only surpassed by those seen in June and July. The faster overall rise in input costs was driven by services firms, although selling prices increased at a faster extent in both sectors.

Services

The IHS Markit Eurozone PMI® Services Business Activity Index fell to 56.4 in September, the lowest since April and a marked drop from 59.0 in August. That said, the index was still indicative of a strong expansion in service sector business activity.

Demand for euro area services increased for a fifth consecutive month in September, although the expansion was the weakest seen over this period. New business from overseas grew only marginally during the latest survey period following relatively solid increases in the three months prior.

Firms continued to hire additional staff at a strong pace in September, although the rate of jobs growth slowed to a four-month low. A further rise in recruitment came amid an increase in the level of work-in-hand (i.e. orders received but not yet completed).

Service providers remained strongly optimistic that activity levels would rise over the coming 12 months as global economies recover from the pandemic.

However, the degree of positivity slid to a six-month low.

Prices data showed stronger inflationary trends for both input costs and selling charges in September. The former rose at the fastest rate since mid-2008, while output price inflation remained among the highest in over 20 years.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“The current economic situation in the eurozone is an unwelcome mix of rising price pressures but slower growth. Both are linked to supply shortages, especially in manufacturing, which has seen a steeper fall in output growth than services.

“With supply shortages likely to continue to subdue manufacturing well into 2022, the economy has therefore become increasingly dependent on the service sector to sustain a solid recovery path. However, the service sector is also reporting a marked cooling of demand growth which can be less easily explained by shortages, and is in part linked to customers being deterred by concerns over the persistence of the pandemic and by higher prices, as well as some moderation of spending after the initial reopening of the economy.

“Although for now the overall rate of expansion remains relatively solid by historical standards, the economy enters the final quarter of the year on a slowing growth trajectory. A drop in business confidence to the lowest since February adds further downside risks to the outlook.”

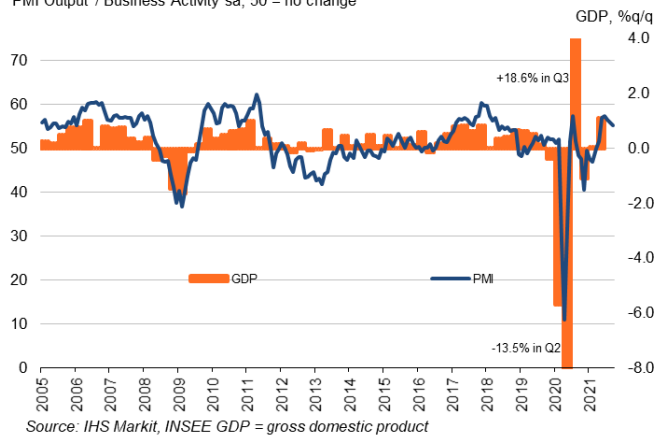
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** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

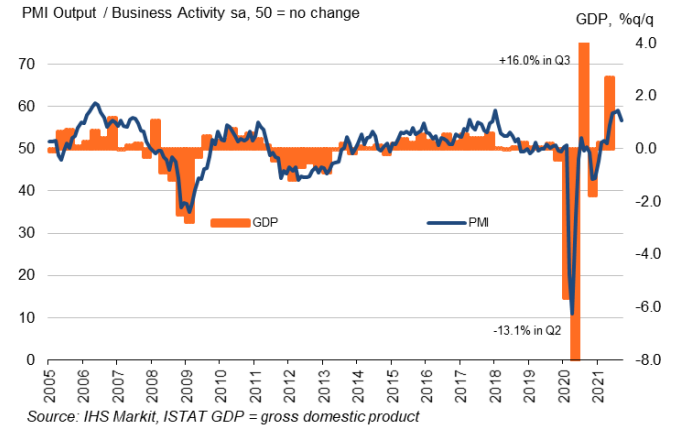
France

PMI Output / Business Activity sa, 50 = no change



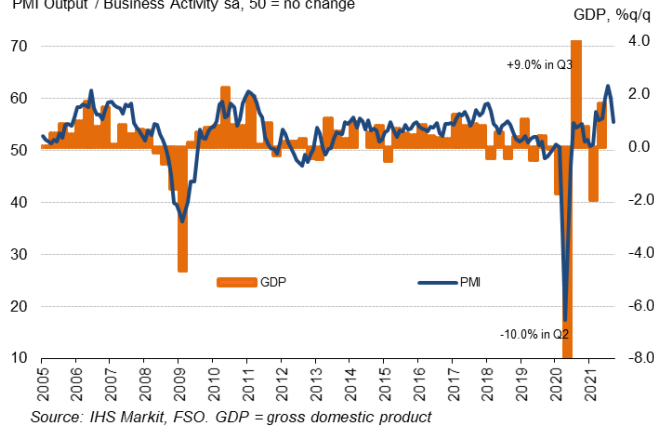
Italy

PMI Output / Business Activity sa, 50 = no change



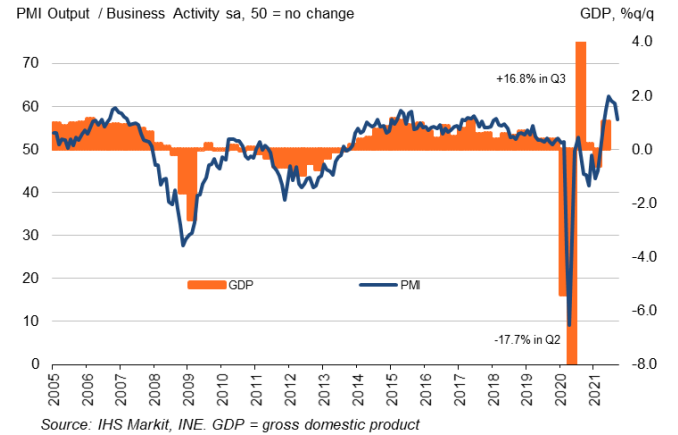
Germany

PMI Output / Business Activity sa, 50 = no change



Spain

PMI Output / Business Activity sa, 50 = no change



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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 88% of the replies used in the final data. The September services flash was based on 82% 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 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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