

**Purchasing Managers' Index®  
MARKET SENSITIVE INFORMATION**
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) October 3rd 2016**
**Markit Eurozone Manufacturing PMI® – final data**
**Manufacturing growth accelerates at end of third quarter**
**Key findings:**

- Final Eurozone Manufacturing PMI at 52.6 in September (Flash: 52.6, August Final: 51.7)
- Germany and Austria record fastest growth
- Italy returns to expansion and France moves closer to stabilisation

Data collected September 12-23

**Markit Eurozone Manufacturing PMI**

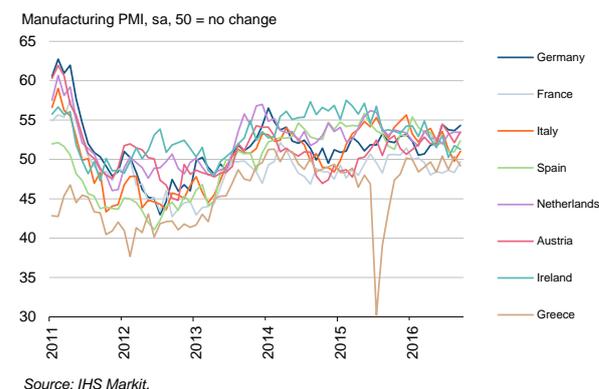
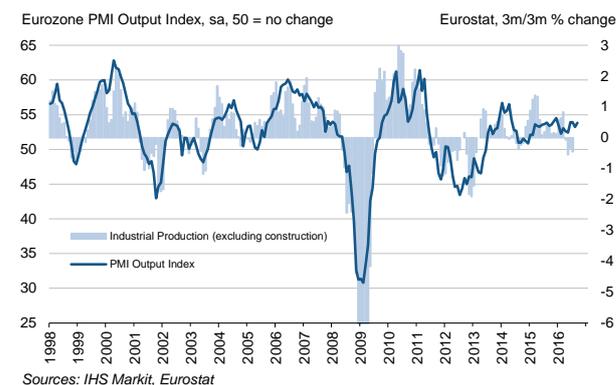

The end of the third quarter saw a mild acceleration in the rate of expansion of the eurozone manufacturing sector. Growth of output, new orders, new export business and employment all improved.

At 52.6 in September, unchanged from the earlier flash estimate, the final Markit Eurozone Manufacturing PMI® rose to a three-month high. The average reading over the third quarter (52.1) was a tick higher than in quarter two (52.0).

National PMI indices signalled expansions in six out of the eight nations covered. Germany led the way, with its PMI rising to a three-month high. Accelerated growth was also seen in Austria and Spain, while Italy moved back into expansion territory and France edged closer to stabilization. Rates of increase

**Countries ranked by Manufacturing PMI: Sep.\***

Germany	54.3 (flash: 54.3)	3-month high
Austria	53.5	3-month high
Netherlands	53.4	2-month low
Spain	52.3	5-month high
Ireland	51.3	2-month low
Italy	51.0	2-month high
France	49.7 (flash: 49.5)	7-month high
Greece	49.2	2-month low



slowed slightly in both the Netherlands and Ireland. Greece posted a marginal contraction.

Growth of eurozone manufacturing production accelerated as incoming new business rose at the quickest pace in three months. The improvement in

new work inflows reflected stronger demand from both domestic and international clients.

September saw incoming new export business increase for the thirty-ninth successive month. Moreover, the rate of growth was the steepest since April 2014. Further increases were registered in Germany, Italy, Spain and the Netherlands.

The trends in new export orders moved back into expansion territory for Ireland and Austria, but slipped into contraction in Greece following gains in the prior two months. The pace of contraction eased in France.

The ongoing upturn in the euro area manufacturing sector underpinned further increases in employment and purchasing activity during September. Job creation was registered for the twenty-fifth consecutive month, with the pace of growth improving since August. Input buying volumes rose at the steepest pace for three months.

National PMI data signalled that staffing levels were raised in six out of the eight nations covered, the exceptions being decreases in France and Ireland. Job creation accelerated in Germany (56-month record), Italy, Spain and Austria (63-month high), but slowed in the Netherlands and Greece.

The latest expansion of capacity in the euro area manufacturing sector also reflected a further accumulation of backlogs of work at factories. Growth of outstanding business accelerated to a 31-month high.

On the price front, cost burdens facing manufacturers rose for the third month running and at the quickest rate since July 2015. However, the rate of input price inflation remained subdued compared to the long-run survey trend. Average selling prices were broadly unchanged, as increases in Germany and Ireland were offset by decreases in all of the other nations covered.

## Comment

**Chris Williamson, Chief Business Economist at IHS Markit** said:

*“The key message from the September survey is that the euro area’s manufacturing economy continues to expand at an encouragingly solid pace. The PMI points to production rising at a steady 2% annual pace in the third quarter, with momentum picking up in September.*

*“Production gains are being driven by welcome signs of improving demand from both within the region and from wider export markets.*

*“For a region beleaguered by still-high overall unemployment, the fact that the upturn is generating more jobs is especially good news. The latest rise in factory payroll numbers was one of the best seen over the past four years.*

*“The concern is that the upturn is worryingly uneven, reliant on a ‘core’ centred on Germany and its neighbours. German manufacturers reported their second-best month for two-and-a-half years, with strong performances also seen in the Netherlands and Austria.*

*“In contrast, growth remains far weaker than earlier in the year in Spain, Italy and Ireland, while manufacturing in France continues to decline. Greece has meanwhile also slipped back into contraction. Policymakers will nevertheless at least be pleased to see survey indices coming off their recent lows in Spain, Italy and Ireland.”*

-Ends-

\*Including intra-eurozone trade.

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**Note to Editors:**

The Eurozone Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by 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 2016 flash was based on 92% 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> <sup>®</sup>	0.0	0.2

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.

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 Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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