

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) September 22 2017

IHS Markit Flash Eurozone PMI®

Eurozone upturn regains momentum in September

Key findings:

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 56.7 (55.7 in August). 4-month high.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 55.6 (54.7 in August). 4-month high.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 59.5 (58.3 in August). 77-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 58.2 (57.4 in August). 79-month high.

Data collected September 12-21

The eurozone economy ended the third quarter on a strong note, with growth of business activity picking up to its highest since May to register one of the strongest gains seen over the past six years.

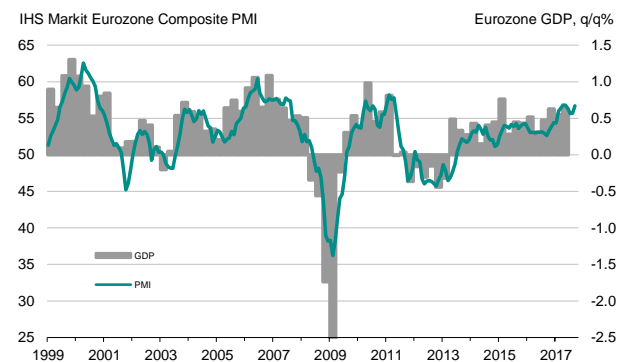
The headline IHS Markit Eurozone PMI rose to 56.7 in September, according to the preliminary 'flash' estimate (based on approximately 85% of final replies), up from 55.7 in August.

Inflows of new orders showed the largest monthly increase since April 2011, representing a renewed surge in demand after the pace of new order growth had slowed in the prior two months.

Growth accelerated in both manufacturing and services, albeit with the former continuing to lead the expansion. While service sector activity showed the largest rise since May, the increase in manufacturing output was the greatest since April 2011. The outperformance of manufacturing relative to services also increased to the widest since January 2014.

The goods-producing sector was again buoyed by rising exports, the rate of growth of which dipped slightly – linked to the recent appreciation of the euro – though remained slightly above the average seen so far this year.

IHS Markit Eurozone PMI and GDP



Sources: IHS Markit, Eurostat.

The survey also brought further signs of capacity being stretched.

Backlogs of work rose to the greatest extent since February 2011 as companies struggled to cater for the higher inflows of new work.

Suppliers' delivery times meanwhile signalled the highest incidence of manufacturing supply chain delays for almost six-and-a-half years.

The need to boost capacity resulted in the second-largest increase in employment recorded by the survey over the past decade, falling just shy of March's post-crisis peak.

Manufacturing's superior performance was reflected by a record rise in employment. Whereas service sector jobs growth improved to close in on recent highs seen earlier the year, a far more marked rate of net job creation was seen in manufacturing, outpacing the prior 20-year record seen back in May.

Increased demand for staff also reflected improved optimism about the future, which perked up from an eight-month low in August to reach the highest since June. Confidence rose to three-month highs in both manufacturing and services.

Prices

The faster pace of business activity growth and upturn in demand in September was accompanied by rising price pressures. Input cost and selling price inflation gathered pace for a second successive month, with both reaching the highest rates since April.

Prices charged for services rose to the greatest extent since May, while the increase in factory gate prices was the joint-highest since June 2011.

Country details

Looking at the data by country, rates of expansion accelerated to the highest seen for over six years in both France and Germany, with both also registering further improvements on the already-impressive employment gains seen in prior months.

Elsewhere, growth of business activity waned to a six-month low, though remained only just shy of the average seen in the year to date. Jobs growth accelerated slightly amid improved optimism about the outlook.

More detailed releases for France and Germany are available on the [PMI release webpage](#).

Comment

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

“The eurozone economy ended the summer with a burst of activity, with the PMI signalling renewed impetus to already-impressive rates of growth of output, order books and employment during September.

“The survey data point to 0.7% GDP growth for the third quarter, with accelerating momentum boding well for a buoyant end to the year.

“The stronger euro was cited as a concern among manufacturers, but as yet appears to have had only a modest impact on exports. Manufacturing in fact remains a major driver of the current upturn, with export sales playing an important role in pushing order books higher and encouraging further

investment in capacity expansion.

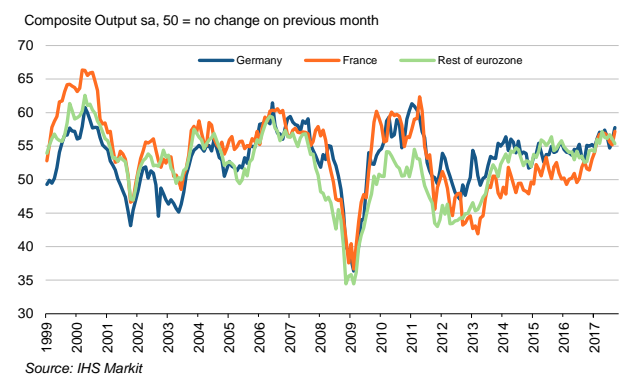
“Across both manufacturing and services, job creation was the second-highest seen over the past decade, with manufacturing job gains smashing through prior survey records to register the largest monthly rise in factory headcounts for over two decades.

“Despite the increase in payroll numbers, capacity continues to be stretched, often meaning customers have had to pay higher prices to ensure supply of both goods and services.

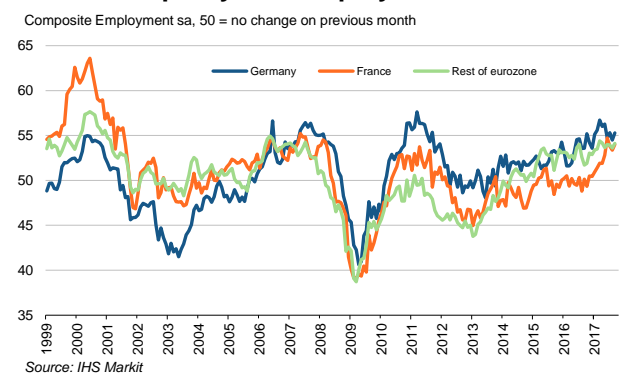
“The rise in business activity and accompanying build-up of price pressures will fuel expectations that the ECB is poised to announce its intention to rein back some of its stimulus, reducing its asset purchases in 2018.”

-Ends-

Core v. Periphery PMI Output Indices



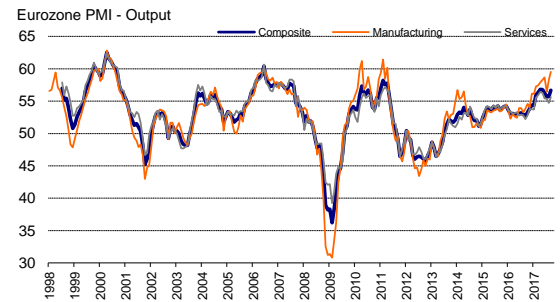
Core v. Periphery PMI Employment Indices



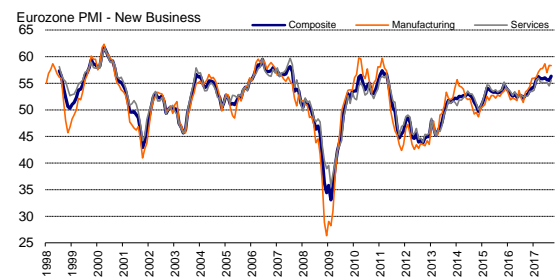
Summary of September data

Output	Composite	Rate of expansion in output accelerates.
	Services	Growth of activity at four-month high.
	Manufacturing	Strongest rise in production since April 2011.
New Orders	Composite	New order growth at 77-month high.
	Services	Faster rise in services new business.
	Manufacturing	Manufacturing new orders increase substantially.
Backlogs of Work	Composite	Strongest accumulation since February 2011.
	Services	Sharpest increase in over six years.
	Manufacturing	Record rise in backlogs.
Employment	Composite	Rate of job creation picks up.
	Services	Solid increase in services staffing levels.
	Manufacturing	Manufacturing employment rises at record pace.
Input Prices	Composite	Sharper increase in input costs.
	Services	Fastest rise in input prices in five months.
	Manufacturing	Cost inflation quickest since April.
Output Prices	Composite	Charge inflation accelerates for second month running.
	Services	Output prices increase slightly.
	Manufacturing	Fastest rise in charges in six months.
PMI⁽³⁾	Manufacturing	PMI at 79-month high of 58.2.

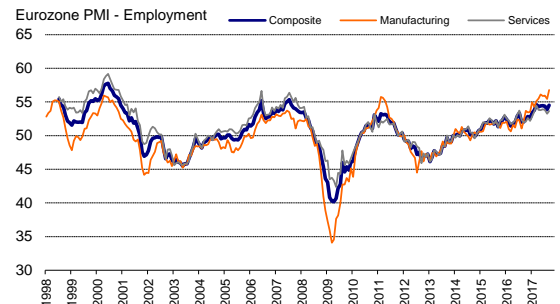
Output



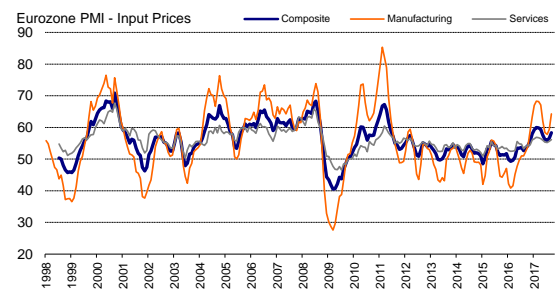
New business



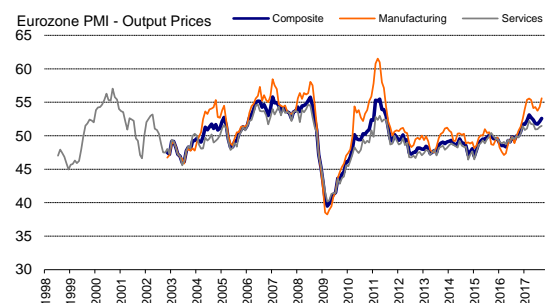
Employment



Input prices



Output prices



Source: IHS Markit.

For further information, please contact:

IHS Markit

Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-555-5061
Email chris.williamson@ihsmarkit.com

Rob Dobson, Director
Telephone +44-1491-461-095
Mobile +44-782-691-3863
Email rob.dobson@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44207 260 2234
E-mail joanna.vickers@ihsmarkit.com

Note to Editors:

Final September data are published on October 2 for manufacturing and October 4 for services and composite indicators.

The Eurozone *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 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Index ¹	0.0	0.2
Eurozone Manufacturing <i>PMI</i> ³	0.0	0.2
Eurozone Services Business Activity Index ²	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.

Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and expertise to forge solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 85 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2017 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index[®] (*PMI[®]*) surveys are now available for over 30 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 www.markit.com/product/pmi.

The intellectual property rights to the Flash Eurozone *PMI[®]* provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and *PMI[®]* are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).