

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) November 2nd 2017**

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

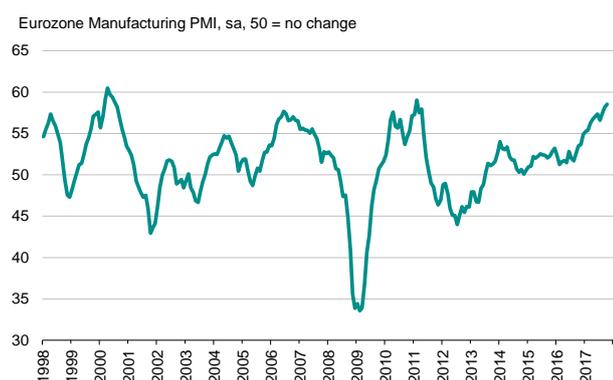
### Eurozone Manufacturing PMI rises to 80-month high in October

#### Key findings:

- Final Eurozone Manufacturing PMI at 58.5 in October (Flash: 58.6, September Final: 58.1)
- Strong new order inflows test capacity and lead to survey-record jobs growth
- All nations covered record increases in output, new orders and employment

Data collected October 12-24

#### IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.

The eurozone manufacturing sector started the final quarter on a strong footing. Growth of both output and new orders remained elevated, while the pace of job creation accelerated to a survey-record high.

The final IHS Markit Eurozone Manufacturing PMI<sup>®</sup> rose to an 80-month high of 58.5 in October, up from 58.1 in September and slightly below the earlier flash estimate of 58.6. The headline PMI has signalled expansion in each month since July 2013.

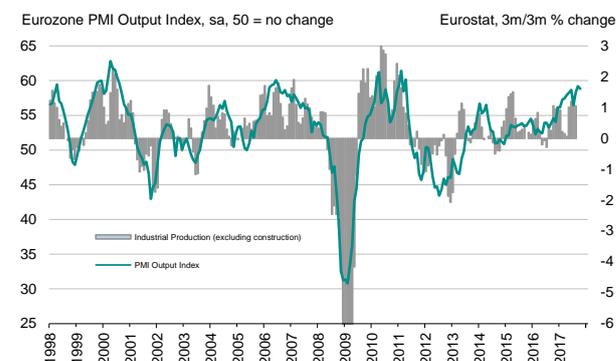
The upturn was again led by a strong-performing core of Germany, the Netherlands and Austria. PMI readings were unchanged in Germany and Austria, while the Netherlands PMI rose to its highest level since February 2011. The expansions in Italy (80-month record) and Spain (29-month high) both

accelerated, while the France PMI held steady at September's 77-month high.

Growth was also recorded in Ireland and Greece, meaning all of the nations covered registered expansions for the fifth straight month. However, Ireland and Greece both saw their respective rates of increase slow since the prior survey month.

#### Countries ranked by Manufacturing PMI: October

Germany	60.6 (flash: 60.5)	Unchanged
Netherlands	60.4	80-month high
Austria	59.4	Unchanged
Italy	57.8	80-month high
France	56.1 (flash: 56.7)	Unchanged
Spain	55.8	29-month high
Ireland	54.4	7-month low
Greece	52.1	3-month low



Sources: IHS Markit, Eurostat

Looking at the components of the headline PMI, the rate of growth in euro area manufacturing production eased from September's high, whereas the pace of increase in new work received remained robust and gathered pace to its best in 80 months.

Job creation was also a solid contributor, with employment rising at a new survey-record rate. The trends in stocks of purchases and supplier delivery times also had stronger positive contributions than one month ago.

Staffing levels have now risen for 38 successive months. October saw companies expand capacity in response to rising new order inflows and a further solid increase in backlogs of work. Employment increased at sharper rates in Germany, Italy, Spain, the Netherlands, Ireland, Austria and Greece. Only France failed to register stronger jobs growth.

Outstanding business rose at the joint-fastest pace in the series history, as capacity was tested by improved inflows of new work from both domestic and export clients. The level of new export business\* rose at a quicker pace, reflecting increases across all of the nations covered by the survey.

Capacity pressures also impacted on supply chains during October, as reflected by a further substantial lengthening in vendor lead times. Delivery times increased to the greatest extent in six-and-a-half years, with especially severe lengthening signalled in Germany, France, Austria and the Netherlands.

Robust demand for raw materials and associated shortages of certain inputs both contributed to the latest increase in vendor lead times. The development of sellers' markets for a number purchased items also led to an increase in their cost. Average input prices rose at the fastest pace in six months, with stronger inflation signalled in almost all of the nations covered (the exception being Ireland).

Part of the increase in purchasing costs was passed on to clients in the form of higher selling prices. Output charges rose for the thirteenth successive month, with the rate of inflation rising to its highest since June 2011. The steepest increase in selling prices was in Germany, despite it being one of only two nations covered (the other being Ireland) to see slower inflation than in September.

The outlook for the euro area manufacturing sector also remained positive in October. Companies reported that (on average) they expect production volumes to be higher in 12 months' time. However, the overall degree of positive sentiment dipped slightly from September's three-month high.

## Comment

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

*“Eurozone factories started the fourth quarter with increased vigour, with the sector’s growth spurt showing no sign of abating.*

*“October’s PMI was the highest since February 2011 and the second-highest in over 17 years. The overall performance of the manufacturing sector so far this year has been the strongest since 2000.*

*“It’s especially encouraging to see employment growing at a survey-record pace as firms seek to boost capacity in response to fuller order books. Export order\* growth remains encouragingly solid, suggesting little impact from the strengthening of the euro this year, and domestic demand continues to improve across the region*

*“However, with inflows of new work rising at an increased pace, factories and their suppliers are struggling to meet demand. Outstanding orders rose to a degree never before exceeded in the series’ 15-year history\*\* and supply chains are being stretched to the greatest extent since 2011, suggesting that pricing power is shifting towards a sellers’ market. Factory input costs and selling prices consequently rose at faster rates.*

*“With output, demand and price pressures all rising, the survey data support the ECB’s recent shift in policy towards lower asset purchases in 2018.”*

-Ends-

\* Including intra-eurozone trade

\*\*Backlogs of work series started in November 2002

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**Note to Editors:**

The Eurozone Manufacturing *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 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 October 2017 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	0.2

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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](mailto:economics@ihsmarkit.com).

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