

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) September 5th 2017

IHS Markit Eurozone Composite PMI[®] – final data

Includes IHS Markit Eurozone Services PMI[®]

Strong manufacturing sector underpins solid growth of euro area economy

Key findings:

- Final Eurozone Composite Output Index: **55.7** (Flash: 55.8, July Final: 55.7)
- Final Eurozone Services Business Activity Index: **54.7** (Flash: 54.9, July Final: 55.4)

Data collected August 11-25

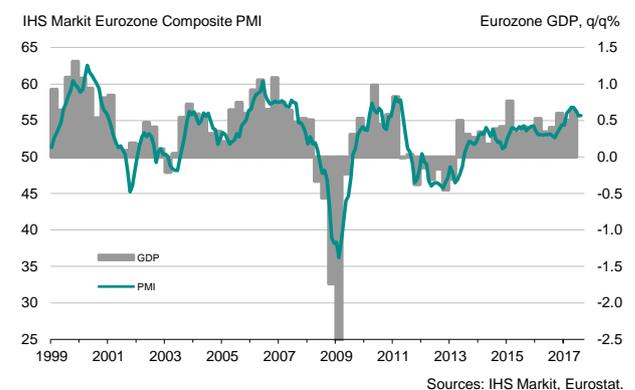
Eurozone economic growth remained solid and steady in August. This was signalled by the final **IHS Markit Eurozone PMI[®] Composite Output Index** matching July's reading of 55.7, down only marginally from the flash estimate of 55.8.

On current trend, output growth so far in the third quarter is slightly below its second quarter high, but remains among the best seen over the past seven years. August saw a strong expansion of manufacturing production, with the pace of increase regaining most of the momentum ceded in July. Service sector activity growth eased to a seven-month low, but remained above its long-term trend.

Germany and Ireland were the only nations covered by the survey to see output growth accelerate in August. Ireland registered strong increases in both manufacturing output and services activity, whereas growth was less evenly distributed in Germany. The German manufacturing sector saw a robust increase in production volumes – among the best since early-2011 – whereas growth in services activity was the weakest of the five nations covered. Although rates of economic expansion eased in France, Italy and Spain, they remained solid.

Underlying the continued expansion of eurozone output was a further solid increase in new business, albeit the weakest in seven months. This in turn led to rising backlogs of work, which firms across the currency union responded to by increasing employment.

IHS Markit Eurozone Composite PMI



Countries ranked by output growth*: August

Ireland	58.2	3-month high
Germany	55.8 (flash: 55.7)	2-month high
Italy	55.8	2-month low
Spain	55.3	7-month low
France	55.2 (flash: 55.6)	7-month low

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

Jobs growth was registered for the thirty-fourth month running and, although slower than in July, remained among the best seen over the past decade. Job creation was strongest in Ireland, Spain and Germany, while comparatively modest increases were seen in France and Italy. Only Spain recorded a sharper pace of expansion.

Price pressures accelerated in August, with rates of increase in output charges and input costs both hitting three-month highs. However, the pace of inflation remained below peaks seen earlier in the year in both cases.

Business optimism continued to ease from May's record high in August. The degree of positivity was the lowest during the year-to-date, but solid overall.

Services

The rate of expansion in euro area service sector activity eased to a seven-month low in August. At 54.7, down from 55.4 in July, the final **IHS Markit Eurozone PMI® Services Business Activity Index** was slightly below the earlier flash estimate of 54.9.

The rate of output growth was still among the best seen over the past six years, however, as service sector companies again benefited from increasing inflows of new business. Although the rate of expansion in new work also slowed to a seven-month low, it similarly remained above its long-run trend.

Service sector activity increased in all of the nations covered by the survey. The strongest expansion was registered in Ireland, where growth accelerated to a three-month high. Rates of increase slowed in France, Italy and Spain, but remained above their respective series averages in all three cases.

Germany was the only other nation apart from Ireland to see growth accelerate. However, this mild pick-up was insufficient to move Germany off of the bottom of the euro service sector PMI growth rankings.

Higher intakes of new business at eurozone service providers led to a further increase in backlogs of work, the fifteenth in as many months. A solid pipeline of new work was also a major factor underlying continued business confidence, despite the degree of optimism slipping slightly to its lowest since November last year.

Job creation also slowed slightly in August. Although the pace of increase remained solid, it was the weakest since January. Germany, France, Italy and Ireland all saw their respective rates of expansion slow during the latest survey month. In contrast, jobs growth in Spain accelerated to its highest in over a decade (best since March 2007).

Price pressures ticked higher in August, with rates of inflation in input costs and output charges both accelerating to three-month highs. Service charges have now risen for ten successive months, while

the current sequence of increasing costs was extended to 93 consecutive months.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

“The summer months have seen eurozone economic growth moderate only slightly from the rapid pace seen in the spring. The solid PMI readings for July and August set the scene for another strong GDP number for the third quarter, with the surveys running at a level historically consistent with 0.6% growth.

“With such robust growth being sustained into August, the region is on course to see GDP rise by 2.1% in 2017, which would represent the best performance since 2007.

“There’s good reason to be optimistic that the current spurt growth has further to run: forward-looking indicators such as new order inflows and future expectations have dipped to levels seen back at the turn of the year, but remain sufficiently elevated to suggest that any potential slowdown in growth in coming months will be only very modest.

“Employment growth has likewise cooled somewhat but remains strong, suggesting eurozone unemployment will continue to edge lower, helping support consumer confidence and spending.

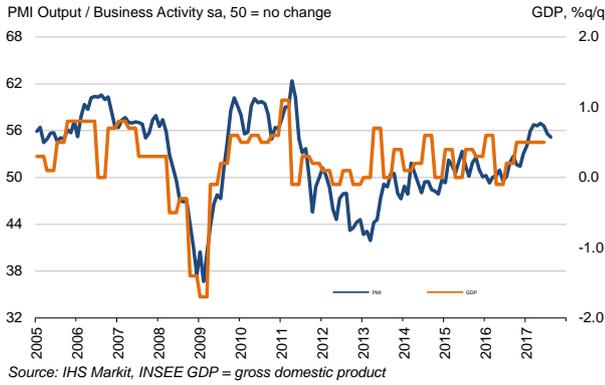
“The survey data also highlight how price pressures have meanwhile edged higher alongside the strong economic upturn, adding to the perception that the ECB will soon announce its intention to taper its stimulus in 2018 if conditions remain supportive, most likely at its October policy meeting.”

-Ends-

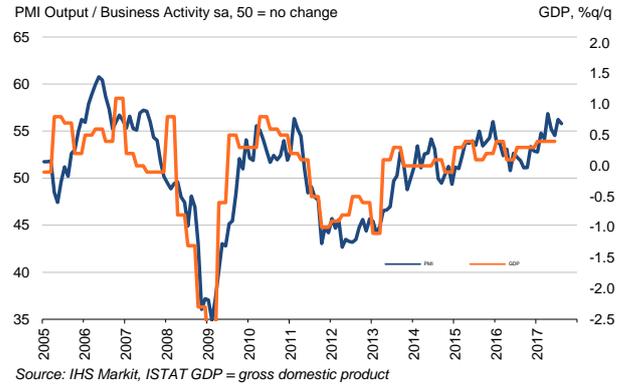
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

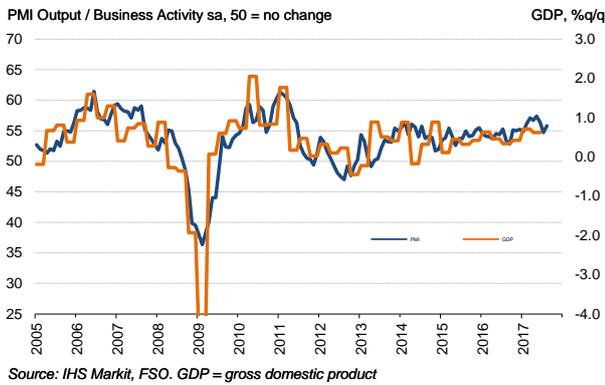
France



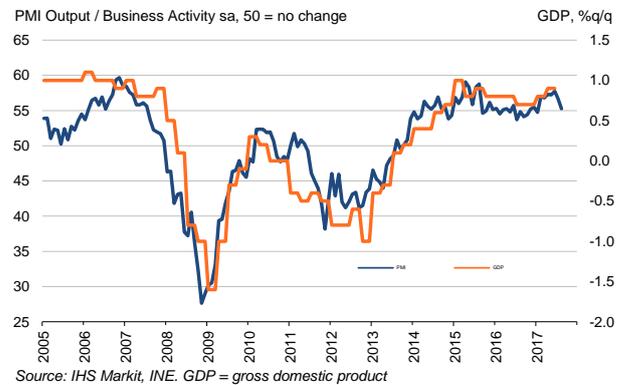
Italy



Germany



Spain



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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 August composite flash was based on 83% of the replies used in the final data. The August services flash was based on 77% of the replies used in the final data. **Data were collected 11-25 August.**

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 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.

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