News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Manufacturing PMI® – final data

Weakest growth of manufacturing economy since August 2016

Key findings:

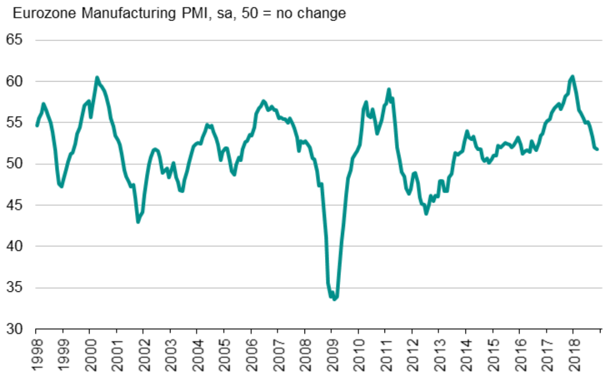
- Final Eurozone Manufacturing PMI at 51.8 in November (Flash: 51.5, October Final: 52.0)
- Growth of production only marginal as demand continues to falter
- Business confidence remains weakest in around six years

Data collected November 12-23

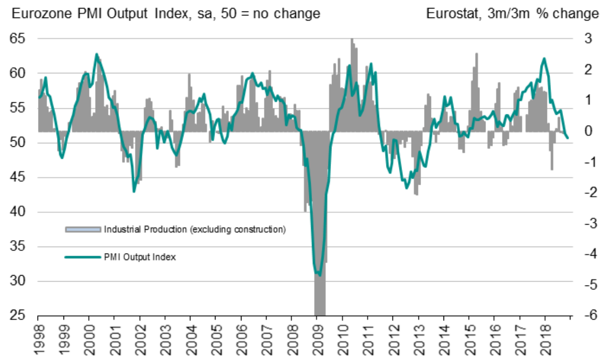
Countries ranked by Manufacturing PMI: November

Netherlands	56.1	25-month low
Austria	54.9	2-month high
Ireland	55.4	2-month high
Greece	54.0	6-month high
Spain	52.6	3-month high
Germany	51.8 (flash: 51.6)	31-month low
France	50.8 (flash: 50.7)	26-month low
Italy	48.6	47-month low

IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.



Sources: IHS Markit, Eurostat

November's IHS Markit Eurozone Manufacturing PMI signalled the continued growth slowdown of the single currency area's manufacturing economy. Although remaining above the crucial 50.0 no-change mark for a sixty-fifth month running, the final PMI came in at 51.8 in November, down from 52.0 in October and the lowest reading since August 2016.

Weakness was centred on the investment goods sector, according to market groups data. Capital goods producers registered net falls in both production and new work. Export trade was also down for a third month running, whilst cost pressures remained elevated. In contrast, solid growth continued to be recorded amongst consumer goods producers.

The euro area's 'big-four' economies posted the lowest manufacturing PMI readings of all countries covered by the survey during November.

Most notably, Italy recorded a second successive monthly deterioration in manufacturing operating conditions, registering its lowest PMI reading in nearly four years. France saw growth ease towards stagnation, whilst Germany saw its weakest expansion in over two-and-a-half years.

In contrast, Spain saw a slight improvement in growth, whilst there were also stronger gains seen in Austria, Greece and Ireland. The Netherlands continued to register the highest expansion, despite the pace of growth slipping to its lowest in over two years.

Underlying the weaker overall expansion of the manufacturing economy was a second successive monthly deterioration in new orders (albeit slight). In line with the recent trend, export trade was reported to have fallen for the second month running. Net falls in new work were seen in France, Germany and Italy.

Faltering demand was in part linked to challenging conditions in the autos industry which also impacted on output. Overall production of manufactured goods continued to rise during November, but only marginally and at the weakest pace in nearly five-and-a-half years of continuous growth.

With output rising at a time of falling new work, manufacturers were able to clear backlogs of work and build inventories of finished goods for a second month in succession.

Meanwhile, on the jobs front, employment growth was sustained during November. However, the weaker underlying trends in output and new orders spilled over into the labour market, with the net gain in payroll numbers the weakest since September 2016. Higher employment was recorded across all nations except France, where a slight decline was seen for the first time in over two years.

Input prices continued to increase at an elevated rate, despite inflation easing slightly since October. Price pressures remained especially acute in Germany and Austria, compared to the relatively weaker rises seen in Italy, Spain and Greece. Output charge inflation for the region as a whole remained at an above average rate, despite being the slowest recorded for 15 months.

Finally, latest data showed that sentiment about future output was little changed on October's near six-year low. Concerns over trade and the future performance of the autos industry and political worries all served to depress confidence in November. German manufacturers remained especially downbeat, with outright pessimism again recorded.

Comment

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

"November's PMI data underscore the extent to which manufacturing conditions have become more challenging, indicating that production could act as a drag on the eurozone economy in the fourth quarter.

"Manufacturers reported that demand is now falling in Germany, France and Italy, while only modest growth was recorded in Spain.

"The darker outlook is linked to trade wars and tariffs as well as intensifying political uncertainty and has led to increased risk aversion and a commensurate cutting back on expenditure, notably for investment. Producers of investment goods such as plant and machinery reported the steepest drop in demand in November, with reduced capital spending by companies compounded by on-going disruption of business in the autos sector.

"Hopes that the soft patch may prove short-lived are countered by business optimism about prospects for the year ahead remaining among the gloomiest seen since the sovereign debt crisis in 2012, suggesting companies are bracing themselves for further weak demand in the coming months.

"The survey also indicates that households could rein-in spending if companies continue to pull-back on their hiring, adding to downside risks to the outlook."

-Ends-

** Includes intra-eurozone trade.*

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Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) 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 November 2018 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 *PMI*	0.0	0.1

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 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.