

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

Includes IHS Markit Eurozone Services PMI®

Eurozone growth edges lower at start of 2019

Key findings:

- Final Eurozone Composite Output Index: **51.0** (Flash: 50.7, December Final: 51.1)
- Final Eurozone Services Business Activity Index: **51.2** (Flash: 50.8, December Final: 51.2)

Data collected January 11-28

The **IHS Markit Eurozone PMI® Composite Output Index** edged lower in January, falling for a fifth successive month to register its lowest level for five-and-a-half years. After accounting for seasonal factors, the index recorded 51.0 in January, a little better than the earlier flash estimate of 50.7 but still down from 51.1 in December and signalling only weak growth in business activity.

Activity weakness was principally centered on France and Italy. Output in France was down for a second successive month, and at the fastest rate in over four years. Meanwhile, Italian private sector output deteriorated for the third time in four months and to the greatest degree in over five years.

Manufacturing was the primary source of output weakness during January. Whilst service sector growth was unchanged since December at around a four-year low, production in manufacturing rose only slightly and at the weakest rate in over five-and-a-half years of growth.

Output growth in manufacturing was only sustained via the depletion of backlogs and stockpiling of finished goods (which rose at a series record rate). Indeed, manufacturing new work declined to the greatest degree since April 2013 and was a primary reason for the first fall in composite new business for over four years. New work received by service providers was barely changed, rising only negligibly since December.

IHS Markit Eurozone Composite PMI



Countries ranked by Composite PMI*:

Spain	54.5	7-month high
Ireland	53.3	67-month low
Germany	52.1 (flash: 52.1)	2-month high
Italy	48.8	62-month low
France	48.2 (flash: 47.9)	50-month low

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

Job numbers continued to increase during January, maintaining a run of growth that began in November 2014. Moreover, job creation was sustained across the single currency area, with the exception of Italy where a net fall in jobs was recorded for the first time since September 2015.

Moreover, in line with the wider slowdown in activity and new work, overall euro area employment growth was the weakest in 28 months at the start of 2019. Increased capacity nonetheless helped to support the clearance of unfinished business. Backlogs of work declined for a second successive month in January and to the greatest degree recorded by the survey since the end of 2014.

Meanwhile, input prices continued to rise markedly in January. Wage and salary pressures drove

operating expenses up in the service sector, but with price pressures easing in manufacturing (thanks to lower oil-related goods prices) overall input costs rose to the weakest degree in nearly a year-and-a-half. Increased costs nonetheless led to another increase in output charges, which rose in January at the strongest rate in three months.

Business confidence also improved to its highest in three months, though nonetheless remained subdued and around the lowest in four years. International trade tensions, Brexit and ongoing political tensions – both regionally and globally – continued to undermine sentiment.

Services

The **IHS Markit Eurozone PMI[®] Services Business Activity Index** was unmoved on December's 49-month low of 51.2 at the start of the year.

France and Italy remained the primary sources of weakness, with both countries registering declines in activity during January. This was in stark contrast to Germany and Spain, where growth of activity improved in each case.

Latest data again suggested that overall growth of activity was supported primarily through the reduction of work outstanding, which declined to the greatest degree in over four years. New business volumes were broadly unchanged, rising at a negligible pace that was the weakest in fifty months of growth.

Jobs were again created during the month, although growth continued to slide. Easing for a fourth successive period, the degree to which employment rose was the weakest seen since the end of 2016.

Meanwhile, price pressures remained elevated in January. Operating expenses continued to rise at an above trend rate, placing ongoing pressure on margins. Although output charges continued to increase, and at the fastest pace in seven months, they did so at a pace that continued to noticeably lag that of input costs.

Finally, business confidence amongst service providers was a little firmer in January but nonetheless remained close to December's four-year low.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The eurozone has started 2019 on flat note, with growth close to stagnation amid falling demand for goods and services. The PMI indicates that GDP is growing at a quarterly rate of just 0.1%, setting the scene for the region's worst quarter since 2013. Such a weak start to the year would mean the current consensus forecast for 1.5% GDP growth in 2019 is likely to be revised lower, and hence lead to more dovish signals from the ECB.

"What started as a manufacturing and export-led slowdown has shown increasing signs of infecting the service sector. The manufacturing PMI numbers are indicative of the goods-producing sector slipping into recession, while growth in services is now running at its lowest for four years. Worst may be yet to come: new orders received by factories are declining at the steepest rate for nearly six years and new business inflows into the service sector have stalled. Demand is consequently falling to an extent not seen since mid-2013.

"Employment growth is now also being affected by a growing reticence to expand capacity, with jobs being created at the slowest rate for over two years.

"The deteriorating picture looks broad-based. Italy is in its steepest downturn for over five years and France has sunk into its sharpest decline for over four years. Faster growth in Germany and Spain meanwhile looks tenuous, as order book trends deteriorated in both cases.

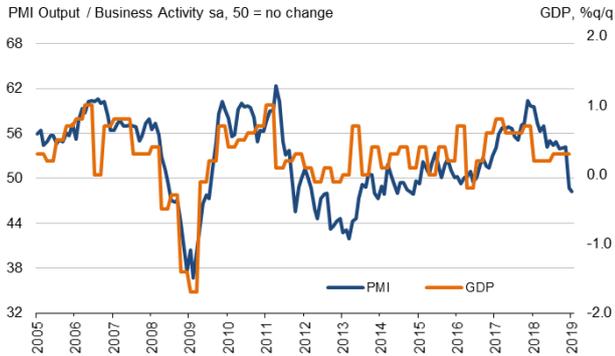
"The survey indicates that political uncertainty, both global and local, is increasingly taking a toll on growth, dampening demand and driving increased risk aversion. Add in rising global trade tensions, Brexit uncertainty, the 'yellow vest' protests in France and a spluttering auto sector, it's clear that the business environment is at its most challenging since the height of the region's debt crisis."

-Ends-

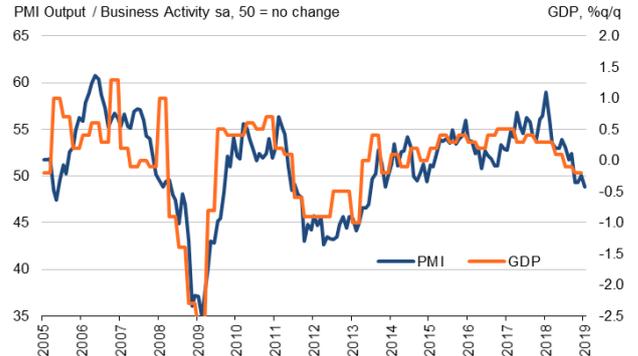
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

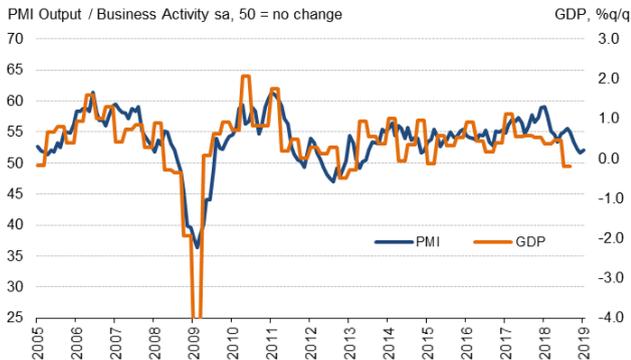
France



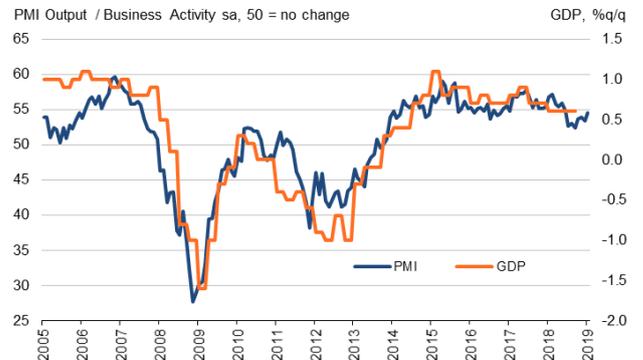
Italy



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 January composite flash was based on 90% of the replies used in the final data. The January services flash was based on 85% of the replies used in the final data. **Data were collected 11-28 January.**

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 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>.

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