

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) September 1st 2016**

## Markit Eurozone Manufacturing PMI® – final data

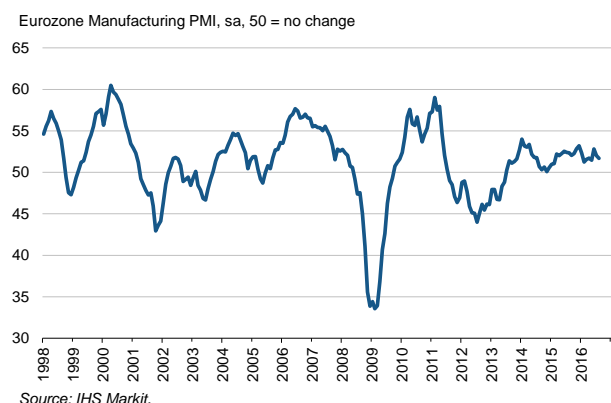
### Eurozone manufacturing growth at three-month low in August

#### Key findings:

- Final Eurozone Manufacturing PMI at 51.7 in August (Flash: 51.8, July Final: 52.0)
- Germany and the Netherlands record strongest rates of expansion
- French downturn continues and Italy slips into contraction

Data collected August 12-23

#### Markit Eurozone Manufacturing PMI



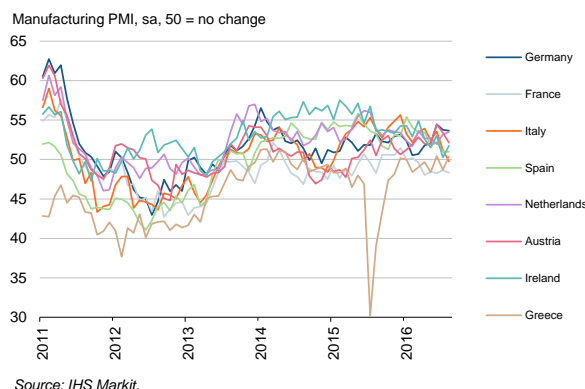
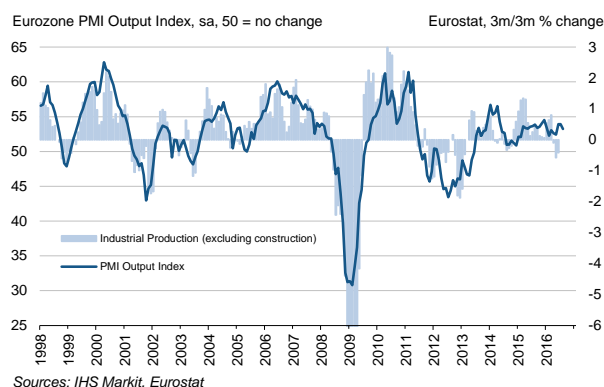
Growth in the eurozone manufacturing sector lost momentum in August. Rates of expansion slowed for production, new orders and new export business, resulting in weaker job creation.

The final Markit Eurozone Manufacturing PMI® posted 51.7 in August, a three-month low and down further from June's year-to-date high. The final reading was also a tick below its earlier flash estimate of 51.8. The PMI has now signalled growth for 38 consecutive months, marking a continuation of its survey-record unbroken sequence above the 50.0 stagnation mark.

Growth of euro area manufacturing production slowed to a three-month low, while new order inflows rose to the weakest extent in one-and-a-half

#### Countries ranked by Manufacturing PMI: Aug.\*

Germany	53.6 (flash: 53.6)	3-month low
Netherlands	53.5	5-month high
Austria	52.1	3-month low
Ireland	51.7	2-month high
Spain	51.0	Unchanged
Greece	50.4	2-month high
Italy	49.8	20-month low
France	48.3 (flash: 48.5)	2-month low



years. Companies reported slower increases in new business from domestic and export sources.

Headline PMI data signalled that six out of the eight nations covered by the survey saw expansions during August. Growth imbalances remained, however.

Germany and the Netherlands registered solid expansions, whereas growth was relatively subdued in Austria, Spain and Greece. Contractions were seen in both France and Italy.

For France, this represented an extension of the current manufacturing downturn to six months. A stabilisation of production volumes was offset by the steepest drop in new orders for four months.

Meanwhile, the contraction signalled by the Italian PMI was the first since January 2015, as output growth slowed to near-stagnation and new order inflows decreased for the first time in 19 months.

New export orders\* in the euro area manufacturing sector rose at the slowest pace since May, with Germany and the Netherlands the only nations to report meaningful increases. Although Italy, Spain and Greece posted marginal expansions, only the latter two also saw growth accelerate. New export orders contracted in France, Austria and Ireland.

August saw job creation in the eurozone manufacturing sector ease to its weakest since March. The outlook for staffing levels remained mildly positive, however, as backlogs of work rose at the fastest pace for two-and-a-half years.

Only France failed to register an increase in employment, with its rate of decline also accelerating to the quickest since May. However, among the countries reporting increases, only Ireland saw its pace of job creation improve.

Average output charges declined for the twelfth successive month in August. This mainly reflected a combination of strong competitive forces and subdued cost inflation. Only Spain and Ireland saw output charges rise during the latest survey month.

Input prices increased for the second month running, following a near year-long sequence of decline. However, the rate of inflation remained only marginal.

Five out of the eight nations covered saw input costs rise. The exceptions were Italy, the Netherlands and Austria, although rates of decrease were only marginal in each case.

## Comment

**Chris Williamson, Chief Business Economist at IHS Markit** said:

*“Eurozone manufacturers reported a wavering performance in August, with signs that growth could slow further in coming months.*

*“The rate of expansion dipped to a three-month low but is at least holding up in the face of the uncertainty caused by the UK’s vote to leave the EU. The survey indicates that factory production is growing at a steady though unexciting annual rate of just under 2%.*

*“There is some suggestion of a Brexit impact, however, and growth may wane further in September after new orders growth slipped to a one-and-a-half year low. Anecdotal evidence suggests that the strengthening of the euro and reduced sales to the UK were partly to blame for the order book slowdown.*

*“Employment growth also eased to a five-month low, indicating an increased hesitancy to hire amid the heightened political uncertainty.*

*“Once again, it’s also a worryingly mixed picture across the region. Northern countries including Germany, the Netherlands and Austria are providing the main power to the expansion, but elsewhere the picture is looking more subdued. France and Italy are in decline, Greece is stagnating and both Spain and Ireland are enduring their worst growth spells since mid-2013.”*

-Ends-

\*Including intra-eurozone trade.

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**Note to Editors:**

The Eurozone Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by 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 August 2016 flash was based on 83% 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> <sup>®</sup>	0.0	0.2

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.

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 Markit. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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