

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) October 5<sup>th</sup> 2016**

## Markit Eurozone Composite PMI® – final data

Includes Markit Eurozone Services PMI®

### Eurozone PMI at 20-month low as growth slows in Germany, Italy and Spain

#### Key findings:

- Final Eurozone Composite Output Index: **52.6** (Flash: 52.6, August Final: 52.9)
- Final Eurozone Services Business Activity Index: **52.2** (Flash: 52.1, August Final: 52.8)

Data collected September 12-27

#### Markit Eurozone Composite PMI



The rate of economic expansion across the eurozone eased to a 20-month low in September. Growth slowed in Germany, Italy, Spain and Ireland to offset a mild acceleration in France.

The final **Markit Eurozone PMI® Composite Output Index** posted 52.6 in September, down from 52.9 in August and matching the earlier flash estimate. The average index reading during the third quarter as a whole (52.9) was the weakest since the final quarter of 2014.

By sector, output rose at manufacturers and service providers. The rate of expansion in manufacturing production ticked higher and remained above that for service sector business activity for the fourth straight month. Services output growth dipped to a 21-month low.

Ireland and Spain registered the fastest expansions

#### Countries ranked by output growth\*: September

Ireland	54.8	39-month low
Spain	54.1	2-month low
Germany	52.8 (flash: 52.7)	16-month low
France	52.7 (flash: 53.3)	15-month high
Italy	51.1	4-month low

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

of economic output, despite the rates of increase easing to 39- and two-month lows respectively. Italy saw growth slip to a four-month low.

France was the only one of the 'big-four' nations to signal an accelerated increase in economic output in September. The improvement in France took its pace of expansion to a 15-month high and, with growth slowing to a 16-month low in Germany, took it close to that signalled for Germany.

The sector dynamics of the trends in the 'big-two' nations contrasted noticeably, however. In France, stronger growth in services output more than offset a near-stagnant manufacturing sector. Germany saw manufacturing production expand at an elevated rate, while service sector activity slowed closer to stagnation.

Underlying the latest expansion of eurozone economic activity was a further increase in new business. Although the rate of expansion in order inflows improved to a three-month high, it remained below the average for the current 22-month sequence of growth. Accelerations were signalled at manufacturers and service providers.

Employment rose for the twenty-third consecutive month in September, although the rate of increase was unchanged from August's three-month low. Solid job creation was seen in Germany, Spain and Ireland, with mild increases in France and Italy.

Average input costs rose for the sixth consecutive month in September. Although the rate of increase remained well below the long-run survey average, it was quicker than in the prior month. Input price inflation accelerated in each of the 'big-four' nations.

Average selling charges were unchanged, halting an 11-month sequence of decrease. Germany, Spain and Ireland saw increases, in contrast to further price discounting in France and Italy.

## Services

The final **Markit Eurozone PMI® Services Business Activity Index** fell to a 21-month low of 52.2 in September. This was down from 52.8 in August, but slightly above the earlier flash estimate of 52.1. The headline index has signalled expansion in each of the past 38 months.

Increased output was supported by gains in new business during September. Although the rate of new order growth ticked higher, it remained among the weakest during the current 22-month sequence of expansion. Business optimism also edged higher, but remained below its long-run trend.

By nation, solid increases in business activity were registered in France, Spain and Ireland, although only France reported a stronger expansion than in August. Growth slowed to a 39-month low in Germany, and to the weakest during the current four-month period of increase in Italy. In both cases, rates of expansion were only marginal.

Slower output growth and relatively subdued gains in new orders filtered through to the trend in staff hirings. September saw employment rise at the slowest pace since April. Job creation weakened in Germany, Spain and Ireland, while a stagnation in employment was recorded in Italy. France saw a marginal increase in headcounts.

Service providers faced an increase in average input costs at the end of the third quarter. The rate of inflation accelerated slightly since August, though remained below the long-run survey average.

Average service charges were unchanged in September, following an 11-month sequence of decline. This mainly reflected steep rises in

Germany and Ireland, the fastest since February and June respectively. Spain also saw a modest (albeit slower) increase in charges. Output prices continued to fall in France and Italy.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"While the PMI surveys suggest the eurozone economy continued to grow at a 0.3% rate in the third quarter, there are signs that momentum is waning. September's expansion was the smallest since the start of last year.*

*"The slowing rate of growth across the region in part reflects growing caution among businesses in terms of their spending due to worries about the economic outlook, linked in many cases to political uncertainty. We see this trend persisting into next year, as the impact of Brexit is exacerbated by uncertainty surrounding elections in France and Germany alongside ongoing political unrest in Italy and Spain.*

*"While we see the eurozone economy expanding by 1.6% in 2016, even this modest growth is looking unattainable in 2017 given the heightened political uncertainty that lies ahead.*

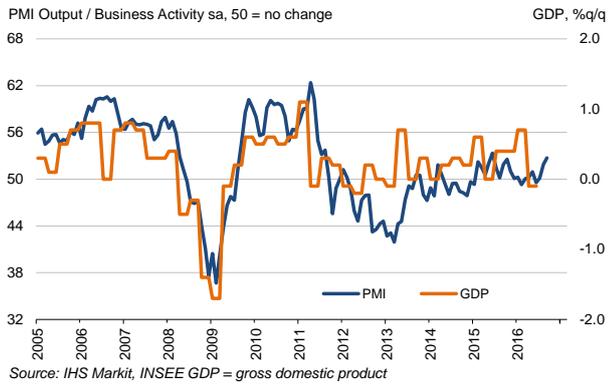
*"Of the four largest euro states, only France is showing signs of its upturn gaining momentum, with growth trending lower in Germany, Italy and Spain. The latter remains the stand-out performer, however, with the PMI pointing to 0.6% GDP growth in the third quarter, double the 0.3% rate of expansion signalled for both France and Germany. Italy is perhaps the greatest concern, with the PMI indicating a near stalling of economic growth to just 0.1% in the third quarter."*

-Ends-

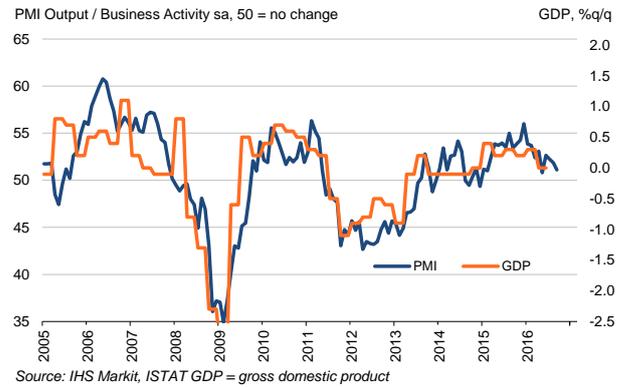
\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

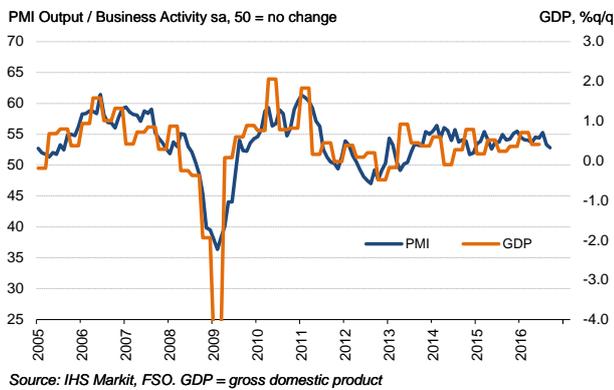
### France



### Italy



### Germany



### Spain



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## Note to Editors:

The Eurozone Composite *PMI*<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 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 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 September composite flash was based on 84% of the replies used in the final data. The September services flash was based on 73% of the replies used in the final data. **Data were collected 12-27 September.**

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> <sup>®</sup>	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.

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

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### About PMI

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/product/pmi).

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