

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) November 6th 2017

IHS Markit Eurozone Composite PMI[®] – final data

Includes IHS Markit Eurozone Services PMI[®]

Strong start to final quarter takes euro area job creation to decade-high pace

Key findings:

- Final Eurozone Composite Output Index: **56.0** (Flash: 55.9, September Final: 56.7)
- Final Eurozone Services Business Activity Index: **55.0** (Flash: 54.9, September Final: 55.8)

Data collected October 12-26

The eurozone economy made a strong start to the final quarter. Although the rate of output growth eased slightly, it remained among the fastest registered over the past six-and-a-half years, while the pace of job creation was the best in over a decade. Both were underpinned by the strongest inflows of new business since April 2011.

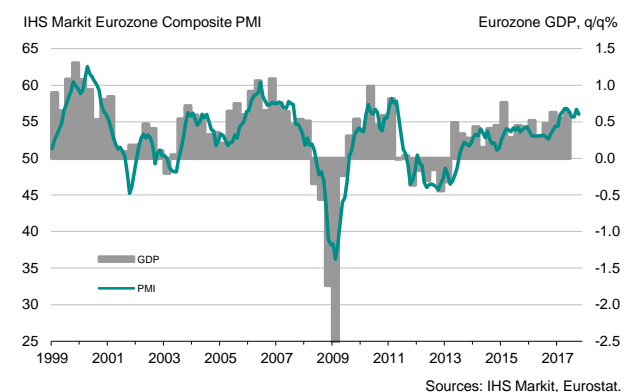
The final **IHS Markit Eurozone PMI[®] Composite Output Index** posted 56.0 in October, down from 56.7 in September, but above the earlier flash estimate of 55.9. The headline index has signalled expansion in each of the past 52 months.

The manufacturing sector continued to record sharper rates of increase in output, new orders and employment than its services counterpart in October. Nonetheless, the latter continued to register strong increases in all three measures.

National PMI data showed that France moved to the top of the output growth rankings in October, the first time it has held that position since August 2011. French economic activity rose at the quickest pace in almost six-and-a-half years.

The remaining four nations monitored all saw their respective rates of output expansion slow during the latest survey month. Growth eased to a two-month low in Germany, an 11-month low in Ireland and nine-month lows in both Spain and Italy. Rates of increase remained above long-run averages in all cases though.

IHS Markit Eurozone Composite PMI



Sources: IHS Markit, Eurostat.

Countries ranked by output growth*: October

France	57.4 (flash: 57.5)	77-month high
Germany	56.6 (flash: 56.9)	2-month low
Ireland	56.0	11-month low
Spain	55.1	9-month low
Italy	53.9	9-month low

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

Strong inflows of new business continued to test capacity in October. Backlogs of work rose for the twenty-ninth successive month and at a rate close to September's six-and-a-half year record.

Companies responded to the combination of strong growth of output, new work and outstanding business by raising employment at the quickest pace in over a decade. Job creation accelerated in Germany, France, Spain and Ireland.

Price pressures continued to build at the start of the final quarter. Input costs rose at the steepest pace in six months, with rates of inflation accelerating across the manufacturing and service sectors. Part of the rise was passed on to clients in the form of higher charges. Average output price rose at the quickest pace since March, as charges increased across the 'big-four' nations and Ireland.

Services

The euro area service sector remained a positive spur for broader economic growth in October. At 55.0, up slightly from the earlier flash estimate of 54.9, the final **IHS Markit Eurozone PMI® Services Business Activity Index** signalled expansion for the fifty-first successive month. The rate of growth was among the best registered during that sequence, albeit slower than in September.

Output growth was recorded across all five nations covered in October. Ireland saw the fastest rate of expansion, albeit the weakest since November 2016. France was in second position, with its rate of growth accelerating to a seven-month high. Rates of increase slowed in Germany (two-month low), Spain (nine-month low) and Italy (12-month low).

The outlook for the sector also remained positive. The growth rate in new orders steadied at September's six-month high, while business confidence regarding output levels one year from now was slightly above its long-run trend level. This encouraged firms to take on additional staff, with employment rising to one of the greatest extents in over nine-and-a-half years (bettered only during that sequence by that registered in March).

Staffing levels increased across all of the nations covered by the survey. Rates of job creation picked up in Germany (five-month high), France (four-month high) and Spain (two-month high), but slowed in Italy and Ireland. Ireland nonetheless saw the steepest pace of growth overall.

Price pressures continued to build at the start of the final quarter. Average costs rose at the steepest pace since March, reflecting strong and accelerated increases in Germany, France, Spain and Ireland. Italy also saw a solid rate of input price inflation, albeit slower than in the prior survey month.

Average output charges also increased in October, with the rate of inflation picking up to a seven-month high. Italy was the only nation covered by the survey to not report an increase in selling prices. Rates of increase accelerated in Germany and France, but eased in Spain and Ireland.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The eurozone growth spurt retained strong momentum at the start of the fourth quarter. The October headline PMI reading matched the average seen in the third quarter and puts the region on course for another 0.6-0.7% expansion in the closing quarter of 2017.

"With new business growth ticking higher, November should also prove a good month for business activity.

"Political uncertainty and the stronger currency appear to have weighed only very modestly on business optimism about the year ahead, meaning confidence remains elevated. Companies are instead focusing on buoyant demand from domestic markets, remaining firmly in expansion mode in line with expectations of stronger business and consumer spending. Hence the fastest rise in employment growth in a decade.

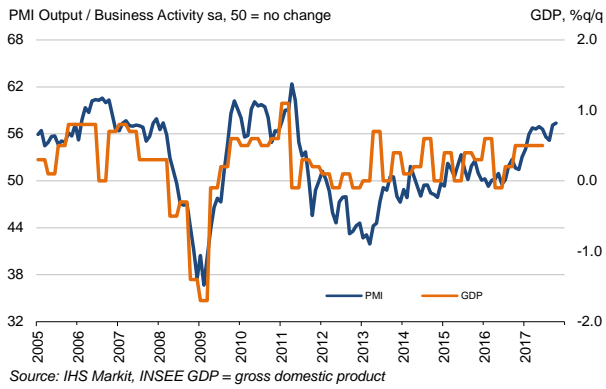
"Inflationary pressures have meanwhile lifted higher, with prices charges for goods and services rising at a rate not beaten for over six years. Some price rises merely reflect the pass-through of higher costs, but companies are also reporting stronger pricing power as demand conditions continue to improve, which suggests underlying inflationary pressures are becoming more engrained."

-Ends-

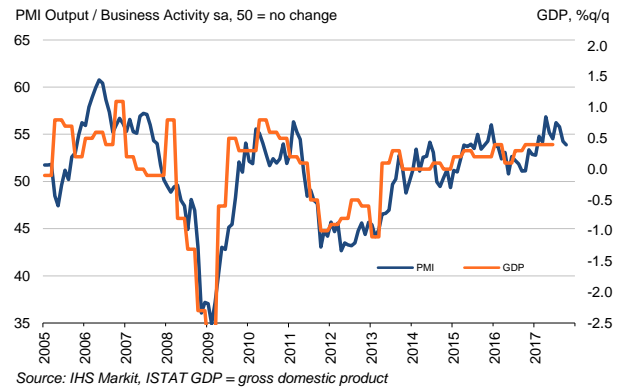
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

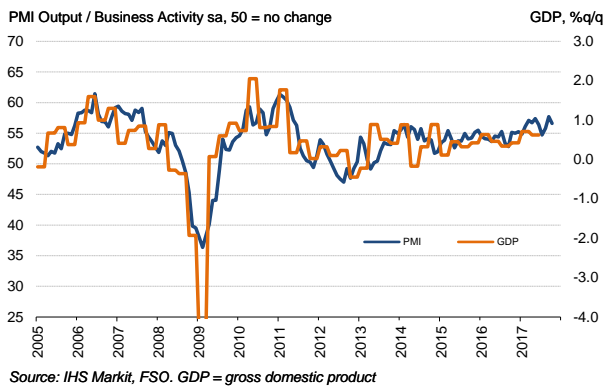
France



Italy



Germany



Spain



For further information, please contact:

Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@ihsmarkit.com

Rob Dobson, Director
Telephone +44-1491-461-095
Mobile +44-7826-913-863
Email rob.dobson@ihsmarkit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@ihsmarkit.com

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 October composite flash was based on 86% of the replies used in the final data. The October services flash was based on 78% of the replies used in the final data. **Data were collected 12-26 October.**

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 www.markit.com/product/pmi.

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