

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) September 23 2015**

### Markit Flash Eurozone PMI<sup>®</sup>

#### Flash PMI rounds off best quarter for four years despite dip in September

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 53.9 (54.3 in August). 2-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 54.0 (54.4 in August). 2-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 52.0 (52.3 in August). 5-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 53.5 (53.9 in August). 4-month low.

Data collected September 11-22.

Flash PMI survey data pointed to steady growth of the eurozone economy at the end of the third quarter. Moreover, faster growth of new work and backlogs of orders point to continued expansion in coming months. Selling prices were meanwhile stable despite sharply reduced commodity prices.

France continued to lag the upturn, but saw growth pick up from the near-stagnation seen in August. Growth slowed in Germany and in the rest of the region.

The Markit Eurozone PMI slipped from 54.3 in August to 53.9 in September, according to the preliminary 'flash' reading. The latest index nevertheless remained broadly in line with recent readings seen over the past eight months, and pushed the third quarter average to the highest seen since the second quarter of 2011 (the average of 54.0 compares with 53.9 in the second quarter).

Service sector growth outpaced that of manufacturing, albeit by only a small margin, for a tenth successive month despite the rate of expansion slipping back slightly to match that seen in July. Production growth likewise moderated in manufacturing, though remained above the average seen in the year to date.

Further robust expansion is signalled for the start of the fourth quarter, with growth of new orders hitting

a five-month high in September. Inflows of new business hit a five-month high in services and held close to August's 16-month high in manufacturing. The amount of raw materials bought by manufacturers also rose at the fastest rate since February of last year in preparation for increased future production.

#### Markit Eurozone PMI and GDP



#### Capacity

The upturn in new business seen across both sectors during the month pushed backlogs of work up to the greatest extent seen since May 2011, suggesting that firms may seek to boost capacity in order to meet the growth in demand.

Employment rose for an eleventh straight month, although the rate of job creation eased to an eight-month low as many firms focused on boosting productivity. Rates of job creation slowed in both manufacturing and services, down to seven- and eight-month lows respectively.

#### Prices

Average input costs rose marginally, the rate of increase having slowed markedly since earlier in the summer to the weakest since February, largely

on the back of the steepest drop in manufacturing input prices since January. The marked decline in manufacturing costs reflected widespread commodity price falls, especially oil. Input cost inflation in services edged slightly higher.

Average selling prices were meanwhile largely unchanged compared with August. Charges levied for services rose (though only marginally) for the first time since August 2011 in a sign of improved pricing power. Factory gate prices fell, however, dropping for the first time in six months as manufacturers passed lower raw material costs on to customers.

Although growth slowed slightly in Germany in September, the euro area's largest member state has seen the best quarterly expansion for a year. German growth was again led by the service sector, supported by solid growth in manufacturing. Furthermore, growth of new business hit the highest since November 2013, backlogs of work jumped to the greatest extent since May 2011 and employment rose at the fastest rate since December 2011, pointing to an increasingly sustainable-looking upturn.

In France, the rate of expansion in business activity picked up from the near-stagnation seen in August but remained only modest. Growth accelerated in both services and manufacturing, the latter enjoying the fastest increase in output for one-and-a-half years. Employment fell at the fastest rate for ten months as firms sought to cut capacity and raise productivity.

The rest of the region continued to enjoy faster growth than both Germany and France, despite the pace of expansion easing to a three-month low. Employment growth outside of the two largest countries likewise waned, sliding to an eight-month low.

Commenting on the flash PMI data, Chris Williamson, Chief Economist at Markit said:

*"The September PMI surveys indicate a further steady expansion of the eurozone economy, but there remains a worrying failure of growth to accelerate to a pace sufficient to generate either higher inflation or strong job creation."*

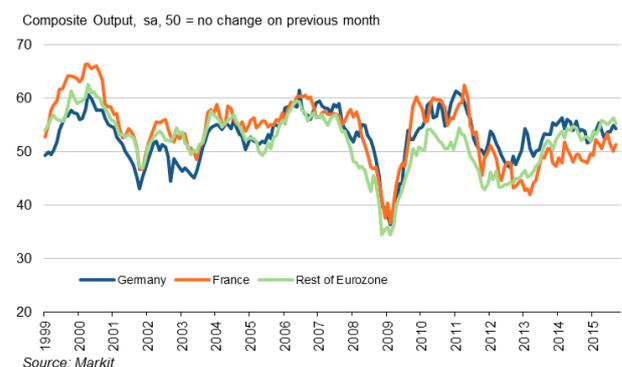
*"The survey data indicate that the eurozone economy expanded 0.4% in the third quarter, in line with the second quarter. This is, however, below what's generally regarded as its long-term potential growth rate and puts the economy on course to grow by just 1.6% this year."*

*"The ECB would no doubt like to see more bang for their euros as far as stimulus from their QE programme is concerned, but it's debatable whether these numbers are weak enough to convince the central bank to take more aggressive action just yet."*

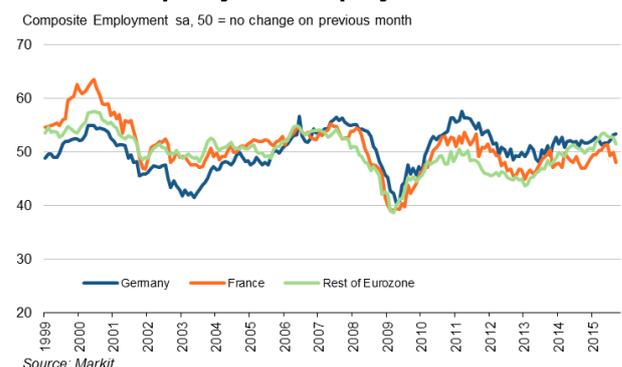
*"France remains a particular concern. The PMI data signal 0.4% growth of the German economy in the third quarter, but a mere 0.1% expansion in France."*

-Ends-

### Core v. Periphery PMI Output Indices



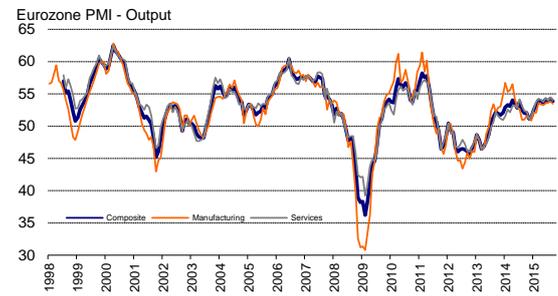
### Core v. Periphery PMI Employment Indices



## Summary of September data

<b>Output</b>	<b>Composite</b>	<b>Output growth eases slightly from August's 51-month record.</b>
	Services	Services growth remains solid.
	Manufacturing	Growth of manufacturing output slows to four-month low.
<b>New Orders</b>	<b>Composite</b>	<b>New business rises at fastest rate since April.</b>
	Services	Growth in services new business hits five-month high.
	Manufacturing	Manufacturing new order growth eases from August's 16-month high.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Outstanding business rises at strongest rate since May 2011.</b>
	Services	Incomplete business grows at fastest pace since May 2011.
	Manufacturing	Backlogs rise at sharpest rate since April 2014.
<b>Employment</b>	<b>Composite</b>	<b>Employment increases at weakest rate since January.</b>
	Services	Rate of job creation at eight-month low.
	Manufacturing	Jobs increase at slowest pace since February.
<b>Input Prices</b>	<b>Composite</b>	<b>Input cost inflation eases to seven-month low.</b>
	Services	Input price inflation little-changed since August.
	Manufacturing	Input prices fall sharply.
<b>Output Prices</b>	<b>Composite</b>	<b>Charges broadly unchanged since August.</b>
	Services	Service providers raise prices charged for first time since August 2011.
	Manufacturing	Factory gate prices fall for first time in six months.
<b>PMI<sup>(3)</sup></b>	Manufacturing	Manufacturing PMI falls to five-month low of 52.0.

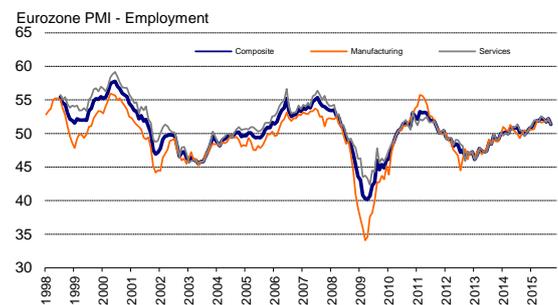
## Output



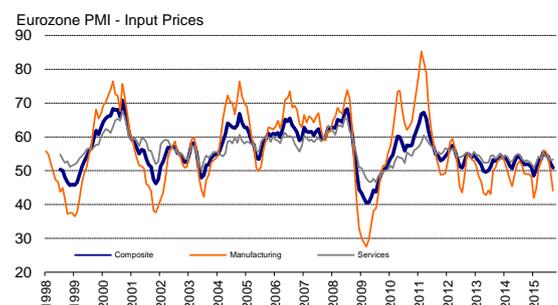
## New business



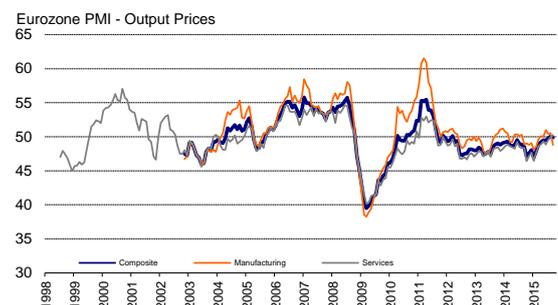
## Employment



## Input prices



## Output prices



**For further information, please contact:**

**Markit**

Chris Williamson, Chief Economist  
 Telephone +44-20-7260-2329  
 Mobile +44-779-555-5061  
 Email [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

Rob Dobson, Senior Economist  
 Telephone +44-1491-461-095  
 Mobile +44-782-691-3863  
 Email [rob.dobson@markit.com](mailto:rob.dobson@markit.com)

Joanna Vickers, Corporate Communications  
 Telephone +44207 260 2234  
 E-mail [joanna.vickers@markit.com](mailto:joanna.vickers@markit.com)

**Note to Editors:**

Final September data are published on October 1 for manufacturing and October 5 for services and composite indicators.

The Eurozone *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 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Composite Output Index <sup>1</sup>	0.0	0.2
Eurozone Manufacturing <i>PMI</i> <sup>2</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.1	0.3

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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@markit.com](mailto:economics@markit.com).

**Notes**

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

**About Markit**

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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/economics](http://www.markit.com/economics).

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