

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

Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing growth edges lower at start of third quarter

Key findings:

- Final Eurozone Manufacturing PMI at 52.0 in July (Flash: 51.9, June Final: 52.8)
- Germany, Austria and the Netherlands record fastest expansions
- Contractions registered by France and Greece

Data collected July 12-22

Manufacturing PMI® (overall business conditions)



At 52.0 in July, down from June's six-month high of 52.8, the final Markit Eurozone Manufacturing PMI® came in slightly above its earlier flash estimate of 51.9. The PMI has now signalled expansion for 37 consecutive months.

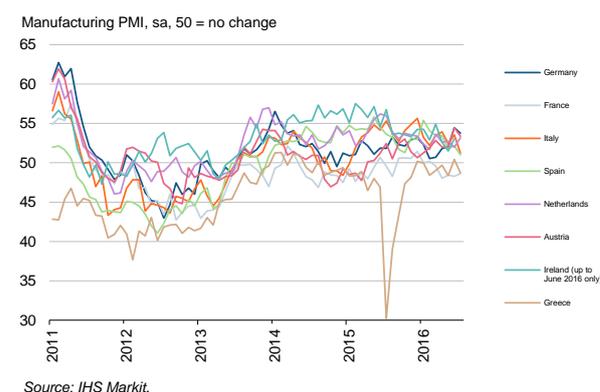
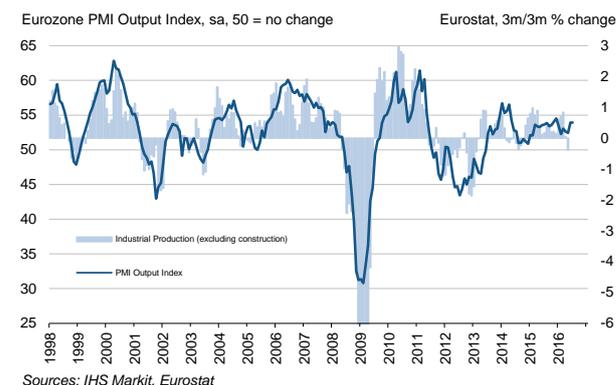
The main factor underlying the drop in the headline index was a softer positive contribution from new order growth. Incoming new business rose at a weaker pace than in June and to a lesser extent than the average for the year-to-date.

Although the rate of job creation also ticked lower, it remained among the fastest registered over the past five years. This partly reflected further solid growth in production volumes, which held steady at June's six-month peak, and a further accumulation of backlogs of work. Inflows of new

Countries ranked by Manufacturing PMI®: July*

Germany	53.8 (flash: 53.7)	2-month low
Austria	53.4	2-month low
Netherlands	53.2	4-month high
Italy	51.2	18-month low
Spain	51.0	31-month low
Greece	48.7	2-month low
France	48.6 (flash: 48.6)	4-month high

* Ireland manufacturing data released August 2nd



export business* also improved during the latest survey month, albeit at a marginally slower pace, in part aided by the weak euro exchange rate.

The downside of the weaker currency was an increase in import costs that, alongside higher oil prices, led to the first increase in average purchase prices for a year. In contrast, output

charges fell again, albeit to the smallest extent during the current 11-month period of reductions.

National PMI data indicated that five out of the seven nations for which data were available saw an improvement in operating performance during July. Slower growth was registered in three of the 'big-four' nations (Germany, Italy and Spain) while the downturn in France continued.

Germany stayed at the apex of the PMI growth rankings, as output expanded at the fastest pace since April 2014 despite a slight easing in new order growth. Germany also recorded the joint-fastest increase in new export business (tied with the Netherlands) and solid job creation.

Austria and the Netherlands were the next best performers and also saw marked expansions during July. In Austria's case this reflected a slight deceleration from the recent highs in output and new order growth achieved in June, whereas the Netherlands posted mild accelerations. Both nations registered quicker rates of job creation.

The upturns in Italy and Spain lost momentum during July, with the Italian PMI and Spanish PMI hitting 18- and 31-month lows respectively. Italy reported weaker increases in production, new orders and employment. The picture was more mixed for Spain, with weaker output growth and a decline in new orders (the first since November 2013) contrasting with faster job creation.

France and Greece recorded contractions in output and new business at the start of the third quarter, despite both nations seeing improved inflows of new export orders. France also reported a reduction in staffing levels, the fifth in as many months. In contrast, Greece saw employment rise at the quickest pace in nine years.

Comment

Chris Williamson, Chief Economist at Markit said:

"Although signalling an easing in the pace of expansion in July, the PMI points to steady manufacturing growth. The problem is that growth is looking increasingly lop-sided, which will worry policymakers and add to calls for further stimulus from the ECB.

"The surveys suggest that euro area factory output is expanding at a near-2% annual pace, which has encouraged firms to take on extra staff at the fastest rate for five years in recent months. Deflationary pressures are also easing, with costs showing the first rise for a year and selling prices stabilising.

"However, dig deeper beyond the headline numbers and more worrying pictures appear. Expansions in output and employment are clearly being driven to a large extent by surging growth in Germany, while growth has almost stalled in both Italy and Spain and contractions are being seen in France and Greece."

-Ends-

*Including intra-eurozone trade.

For further information, please contact:

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

Rob Dobson, Senior Economist
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 Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) 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 July 2016 flash was based on 90% 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> [®]	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@markit.com.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 key business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions. Headquartered in London, IHS Markit is committed to sustainable, profitable growth.

IHS Markit is a registered trademark of IHS Markit Ltd. All other company and product names may be trademarks of their respective owners © 2016 IHS Markit Ltd. All rights reserved.

About PMI

Purchasing Managers' Index[®] (*PMI*[®]) 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.

The intellectual property rights to the Eurozone Manufacturing *PMI*[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[®] and *PMI*[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd.

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).