News Release

**Purchasing Managers' Index®**
**MARKET SENSITIVE INFORMATION**
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) October 1st 2018**

# IHS Markit Eurozone Manufacturing PMI® – final data

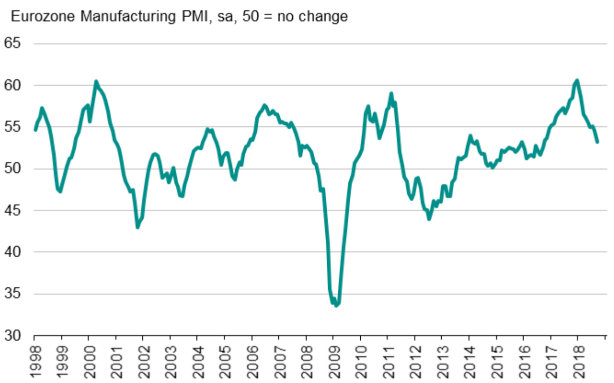
## Slowest growth of manufacturing sector for two years

**Key findings:**

- Final Eurozone Manufacturing PMI at 53.2 in September (Flash: 53.3, August Final: 54.6)
- Exports rise only slightly, weighing on growth of total orders and production
- Global trade concerns push confidence down to near three-year low

Data collected September 12-21

**IHS Markit Eurozone Manufacturing PMI**



Source: IHS Markit.

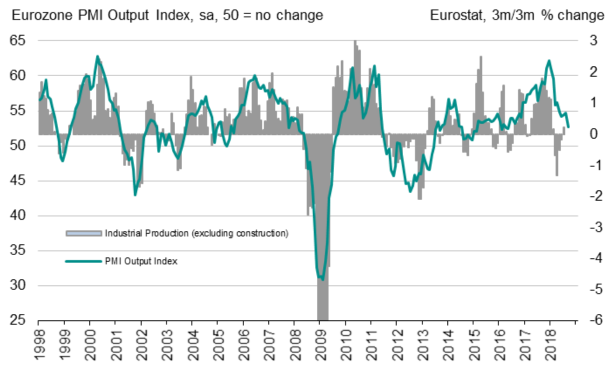
September's survey of eurozone manufacturers indicated a further improvement in operating conditions, extending the current period of expansion to 63 months.

Growth was the weakest since September 2016, however, in line with the downward trend seen since the start of the year. This was reflected by the IHS Markit Eurozone Manufacturing PMI, which slipped to 53.2, broadly unchanged on the earlier flash reading of 53.3 and down from August's 54.6.

By broad market group, all three sectors registered similar PMI readings that were consistent with solid growth. Consumer goods recorded the strongest increases in production, new orders and purchasing. Price pressures remained most elevated in the capital goods sector.

**Countries ranked by Manufacturing PMI: September**

| | | |
|---|---|---|
| Netherlands | 59.8 | 3-month high |
| Ireland | 56.3 | 2-month low |
| Austria | 55.0 | 23-month low |
| Germany | 53.7 (flash: 53.7) | 25-month low |
| Greece | 53.6 | 2-month low |
| France | 52.5 (flash: 52.5) | 3-month low |
| Spain | 51.4 | 25-month low |
| Italy | 50.0 | 25-month low |



Sources: IHS Markit, Eurostat

The slowdown was broad-based, with only the Netherlands (three-month high) recording an improvement in its PMI when compared to August. Of the four largest eurozone economies, Germany remained the best-performing, but growth here slid to its lowest in over two years. Similar trends were seen in Spain and Italy, with the latter registering a stagnation and the worst performance within the single currency area. France saw a solid expansion, but nonetheless the weakest in three months.

Elsewhere, Ireland and Austria both recorded robust rates of growth, whilst there was a solid gain seen in Greece.

The general slowdown in the manufacturing sector was again closely linked to a weakening trade cycle. Eurozone new export orders* were little-changed during September, rising only slightly and at the weakest rate in the current 63-month sequence of growth. Whilst the Netherlands, Ireland and Greece all continued to record notable increases in exports, outright falls were seen in France and Germany.

The impact of the slowdown in exports naturally spilled over to overall order books in September, with the latest data showing the weakest gain in total new work for 25 months.

Eurozone manufacturers subsequently suffered a similar slowdown in output expansion. Output rose to the weakest degree since May 2016, although growth remained a little firmer than the rise in new work. This allowed manufacturers to reduce their backlogs of work marginally for the first time in nearly three-and-a-half years.

Labour market conditions remained nonetheless positive during September. Growth in employment was again solid, albeit the weakest in over a year-and-a-half. Manufacturing job gains were again recorded across the eurozone, with especially marked growth seen in Germany, Ireland, the Netherlands and Austria. In contrast, relatively modest gains were seen in France, Italy and Spain.

Latest prices data showed that cost inflation was again elevated as the price of steel and oil-related goods remained high and supply-side shortages persisted. However, with evidence that some of these pressures had abated a little, input price inflation eased in September to the lowest in 13 months.

In contrast, manufacturers were able to raise output charges at a stronger rate, with inflation reaching a three-month high. Pricing power was especially strong in the Netherlands and Germany.

Finally, business sentiment weakened to a 35-month low in September. Geopolitical worries and concerns over global trade protectionism measures were key factors behind the deterioration in confidence.

## Comment

Commenting on the final Manufacturing PMI data, Chris Williamson, Chief Business Economist at IHS Markit said:

*"Eurozone manufacturing shifted down yet another gear at the end of the third quarter. The sector has seen booming growth at the start of the year rapidly fade to the worst performance for two years in September as production and jobs growth have slowed in response to a stalling of export trade.*

*"The survey paints the worst trade picture for over five years, with export growth having slumped sharply from a series record high in late 2017 to near-stagnation in September.*

*"The slowdown can be linked to sluggish demand and increased risk aversion among customers, often linked to worries about trade wars and tariffs, but also ascribed to rising political uncertainty and higher prices.*

*"Forward-looking survey indicators suggest the worst is yet to come: optimism about the year ahead is close to a three-year low, inflows of new orders and input buying are the weakest for over two years and backlogs of work are dropping for the first time in over three years.*

*"Production also continues to run ahead of order book growth, which is a key sign that output and jobs growth will be reined-in further as we move into the fourth quarter unless demand revives.*

*"Export-led slowdowns are clearly evident in Germany, France, Italy, Spain and Austria, but the weakening picture is by no means universal, with the Netherlands and Ireland being notable in continuing to report strong growth of both output and exports."*

-Ends-

** Includes intra-eurozone trade.*

PMI® By IHS Markit

# News Release

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## Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by IHS 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 September 2018 flash was based on 87% 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 *PMI* | 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.

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 revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

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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 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.



**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 https://ihsmarkit.com/products/pmi.html.