

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time) 3 December 2014**

## Markit Eurozone Composite PMI<sup>®</sup> – final data

Includes Markit Eurozone Services PMI<sup>®</sup>

### Eurozone economic growth at 16-month low

- Final Eurozone Composite Output Index: **51.1** (Flash 51.4, October 52.1)
- Final Eurozone Services Business Activity Index: **51.1** (Flash 51.3, October 52.3)

The pace of economic growth in the eurozone eased to a 16-month low in November. The slowdown reflected the weakening trend in new order inflows, as new business fell for the first time since July last year. Job creation also remained near-stagnant.

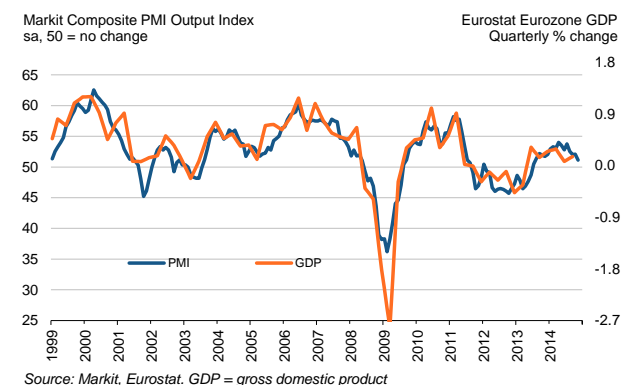
At 51.1, the final **Markit Eurozone PMI<sup>®</sup> Composite Output Index** was below its October level of 52.1 and weaker than the earlier flash estimate of 51.4. The index has nonetheless signalled expansion for 17 months.

Rates of output growth were broadly similar at manufacturers and service providers alike, with both sectors also seeing mild decelerations since October. New order inflows stagnated in services, and fell for the third straight month in manufacturing.

The main weakness highlighted by the national PMI surveys was the ongoing downturn in France. French output fell for the seventh month running, and at the sharpest rate since February. Solid decreases in business activity and new business were recorded across the French manufacturing and service sectors. Slower rates of output growth were registered in Germany and Spain, with the rates of increase at 17- and 9-month lows respectively. Although Italy saw a faster expansion than in October, it remained below Germany and Spain in the output growth rankings, which were again topped by Ireland.

The decline in new orders in the euro area meant that part of the gain in economic output again reflected the depletion of backlogs of work. Outstanding business fell for the sixth month running and to the

### Markit Eurozone PMI and GDP



### Nations ranked by all-sector output growth\* (Nov.)

Ireland	59.9	5-month low
Spain	53.8	9-month low
Germany	51.7 (flash: 52.1)	17-month low
Italy	51.2	4-month high
France	47.9 (flash: 48.4)	9-month low

\*All-Sector Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on [page 3](#) of this press release.

greatest extent since June 2013. The big-four nations all reported solid decreases in work-in-hand during November.

The trend in job creation remained muted in November, with employment rising only fractionally at both manufacturers and service providers. National data provided a greater degree of variation, however, with overall employment rising in Germany, Spain and Ireland, but falling further in France and Italy.

Price pressures remained subdued in November. Input costs rose at the slowest pace for seven months, reflecting lower prices for energy and transportation and muted wage growth. Meanwhile, strong competition and efforts to boost competitiveness led to a further solid reduction in average selling prices.

**Services:**

The slowdown in the eurozone service sector continued in November, taking the rate of growth in business activity to its lowest of the year so far. The weakening expansion in output has been broadly in tandem with trend in new business, as the volume of new orders was unchanged during the latest survey month.

The **Eurozone Services Business Activity Index** posted 51.1 in November, down from 52.3 in October, a reading above the neutral 50.0 mark for the sixteenth month in a row. Ireland saw the strongest gain in output of the nations covered.

National PMI surveys signalled ongoing expansions in three of the big-four nations. However, output growth slipped to a 16-month low in Germany and a 12-month low in Spain, with both nations seeing weaker increases in new business as well.

Although Italian services activity rose at a quicker pace than in October, this was mainly the result of work on existing contracts as new order inflows deteriorated for the third time in the past four months. The downturn at French service providers also accelerated, with output falling at the fastest pace since February and new business dropping at the steepest rate in almost one-and-a-half years.

The trends in business activity and new orders remained too muted to support meaningful job creation in November, with employment rising at only a fractional pace. Increased hiring in Germany and Ireland was offset by further cuts in France and Italy. Spanish service sector employment was broadly flat.

The outlook for the service economy remained positive despite the current lacklustre performance of the sector, with business optimism<sup>†</sup> rising to a four-month high. Levels of positivity remained below their long-run averages in France, Germany and Italy, but remained relatively strong in Ireland and Spain.

Average input costs rose at the slowest pace for seven months in November. Output prices fell again, extending the current run of decreases to three years. Companies' pricing power was further eroded by weak demand and strong competition.

<sup>†</sup> for business 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.

**Comment:**

**Chris Williamson, Chief Economist at Markit** said:

*"The final eurozone PMI came in even weaker than the earlier flash estimate, signalling the weakest pace of expansion since July of last year. The survey data suggest the region is on course to see a mere 0.1% GDP growth in the final quarter of the year, with a strong likelihood of the near-stagnation turning to renewed contraction in the New Year unless demand shows signs of reviving.*

*"There are worrying signs of economic performance deteriorating in the core countries which, if sustained, could drive the region back into recession. France remains the biggest concern, suffering an ongoing decline in business activity, but growth has also slowed to the weakest for one-and-a-half years in Germany.*

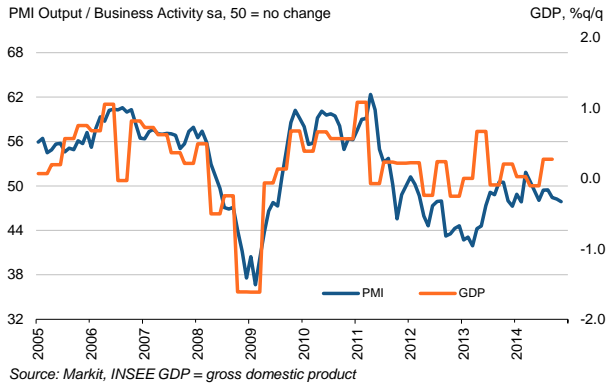
*"Italy was the only country to see an improved rate of growth, raising hopes that it may pull out of recession in the fourth quarter, though the rate of expansion remained disappointingly modest and prone to further setbacks.*

*"Further growth was reported in Spain, which enjoyed the strongest pace of expansion of the four largest euro members, but even here the upturn lost momentum to cast a further shadow on the outlook.*

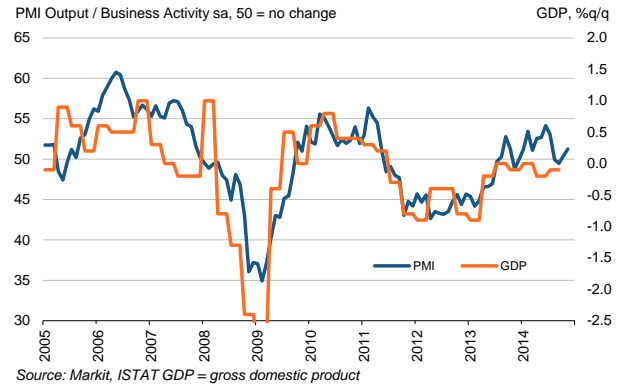
*"The survey results indicate that policy initiatives currently announced have yet to have a meaningful impact on business or consumer confidence in the region, and that more aggressive measures are likely to be needed, and quickly implemented, if another recession is to be averted."*

-Ends-

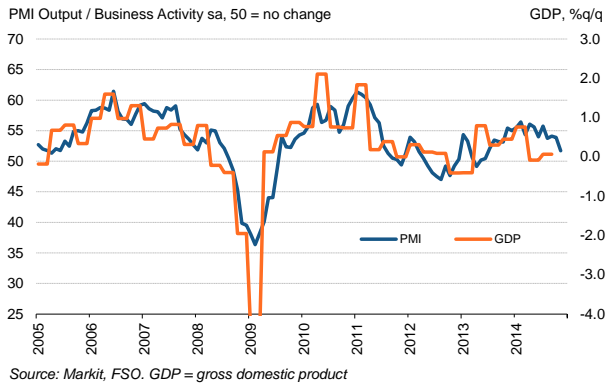
### France



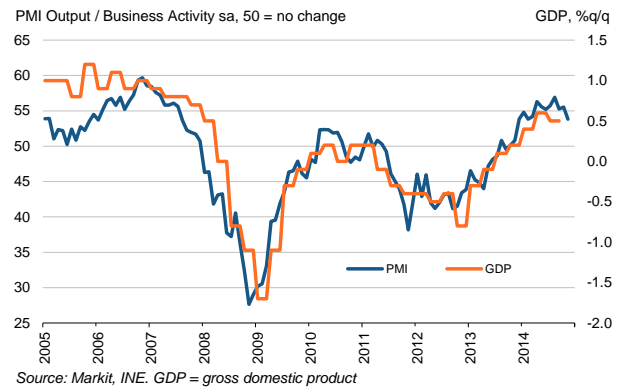
### Italy



### Germany



### Spain



**For further information, please contact:**

**Markit**

Chris Williamson, Chief Economist  
 Telephone +44-20-7260-2329  
 Mobile +44-779-5555-061  
 Email [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

Rob Dobson, Senior Economist  
 Telephone +44-1491-461-095  
 Mobile +44-7826-913-863  
 Email [rob.dobson@markit.com](mailto:rob.dobson@markit.com)

Joanna Vickers, Corporate Communications  
 Telephone +44 207 260 2234  
 Email [joanna.vickers@markit.com](mailto:joanna.vickers@markit.com)

**Notes 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 November composite flash was based on 77% of the replies used in the final data. The November services flash was based on 69% of the replies used in the final data. **Data were collected 12-25 November.**

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	0.3
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@markit.com](mailto:economics@markit.com).

**About Markit**

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see [www.markit.com](http://www.markit.com).

**About PMI**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for 32 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).

The intellectual property rights to the Eurozone Composite and Services *PMI*<sup>®</sup> provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. 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 Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*<sup>®</sup> and *PMI*<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.