

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time) September 3rd 2015**

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

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

### Solid increase in employment as output growth exceeds four-year high

#### Data collected 12-25 August

- Final Eurozone Composite Output Index: **54.3** (Flash 54.1, July 53.9)
- Final Eurozone Services Business Activity Index: **54.4** (Flash 54.3, July 54.0)

August saw the eurozone economy remain resilient in the face of ongoing headwinds, with business activity increasing at the fastest pace in over four years. Levels of incoming new business also rose at a solid, albeit slightly slower, pace to support the second-quickest rate of job creation since May 2011.

The final **Markit Eurozone PMI<sup>®</sup> Composite Output Index** rose to 54.3 in August, up from 53.9 in July, as output growth accelerated moderately in both the manufacturing and service sectors.

Spain recorded by far the sharpest growth of economic activity among the ‘big-four’ eurozone nations in August, seeing its second-strongest expansion over the past eight-and-a-half years. Strong and accelerated growth was also registered in both Germany and Italy, with rates of increase hitting five- and 53-month highs respectively.

The pace of growth continued to disappoint in France, easing back towards stagnation on the back of a weaker expansion of services business activity and a second successive monthly contraction of manufacturing production. Despite this, combined output nonetheless rose for the seventh month in a row. Ireland, meanwhile, recorded a further substantial increase in economic output.

The rate of job creation in the eurozone accelerated to one of the fastest seen over the past four years, bettered during this sequence only by that signalled in May. Alongside solid gains in output and new business, the latest rise in staffing levels reflected a

#### Markit Eurozone PMI and GDP



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

Ireland	59.7	4-month low
Spain	58.8	4-month high
Italy	55.0	53-month high
Germany	55.0 (flash: 54.0)	5-month high
France	50.2 (flash: 51.3)	7-month low

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

further accumulation of backlogs of work. Outstanding business rose at the quickest pace since May 2011.

Staff headcounts were raised in Germany, Italy, Spain and Ireland, although only Germany posted a faster rate of growth (44-month high). Employment in France was unchanged, following a modest decline in July.

Average input prices rose for the seventh successive month in August. A further solid increase in costs at service providers, mainly due to higher wages and salaries, was partly offset by the first decline in manufacturers’ purchase prices since February (reflecting lower oil prices).

Average output charges increased negligibly in August, the first increase since March 2012. Selling prices were raised in Germany, Spain and Ireland, but cut in France and Italy.

## Services:

The **Eurozone Services Business Activity Index** rose to 54.4 in August, matching June's four-year high and slightly above the earlier flash estimate of 54.3. The headline services index has now signalled expansion in each of the past 25 months.

Ireland and Spain registered the steepest growth of business activity among the nations covered by the survey, although rates of expansion edged lower in both cases. Growth picked up in Germany and Italy, reaching five- and 65-month highs respectively.

An expansion of output was registered in France for the seventh month running, although the pace of increase was only moderate and the weakest during that sequence.

Higher eurozone services output reflected a further increase in incoming new business and an accumulation of backlogs of work. However, the rate of expansion in new work received eased slightly to a six-month low. In contrast, job creation accelerated to its second-fastest pace in over four years, with staff headcounts raised across the 'big-four' national services economies and Ireland.

Business optimism<sup>†</sup> ticked higher in August, recovering from July's seven-month low. Confidence improved in Germany (four-month high), France (41-month record) and Ireland (three-month high).

August's survey highlighted a weakening of cost inflationary pressures in the euro area service sector, with input costs posting the slowest monthly rise since February.

The current sequence of decline in selling prices was extended to 45 months, driven by lower charges from French and Italian firms.

## Comment:

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

*"Although global economic worries have intensified in recent weeks, the calming of Grexit fears has led to an improvement in the business environment across the eurozone, pushing the pace of economic growth to its fastest for just over four years in August. The PMI is indicating euro area GDP growth close to 0.4% in the third quarter, a solid albeit unspectacular rate of expansion.*

*"The upturn was stronger than recorded by the flash reading, thanks mainly to stronger growth in Germany and the best performance for over four years in Italy, where the PMIs are both pointing to 0.5% GDP growth in the third quarter. But it is Spain that remains the star performer among the largest eurozone countries, with the PMI signalling another 1.0% GDP growth spurt in the third quarter.*

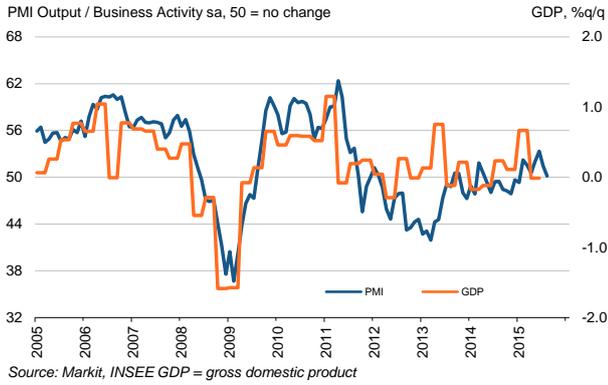
*"The worrying deterioration of growth in France is a major concern, the PMI dropping below the flash reading to signal a near-stagnation of the economy in the third quarter, but the ECB will be reassured by the ability of the eurozone economy as a whole to withstand recent headwinds.*

*"Policymakers have little scope for complacency, however, as slower growth in the emerging markets and recent financial market volatility as well as a stronger euro have the potential to hit the economy's performance in coming months."*

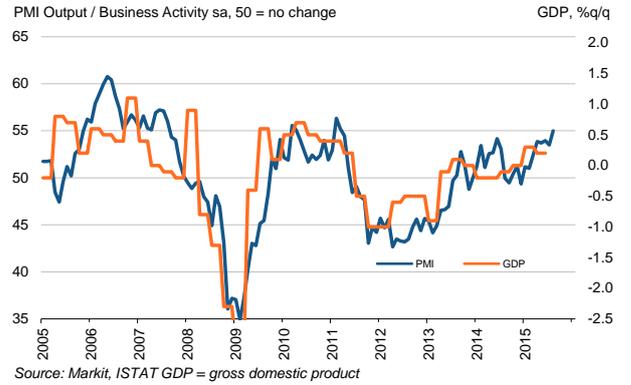
-Ends-

<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.

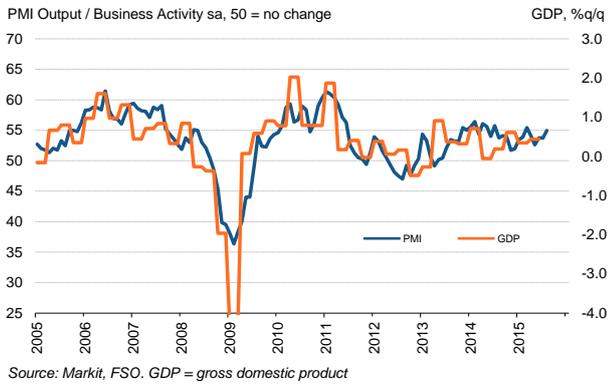
### France



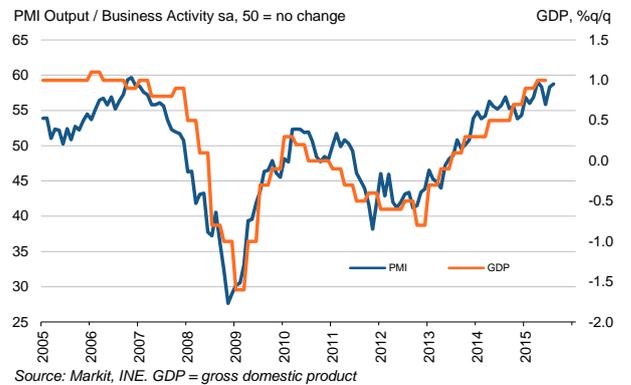
### Italy



### Germany



### Spain



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**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 August composite flash was based on 83% of the replies used in the final data. The August services flash was based on 72% of the replies used in the final data. **Data were collected 12-25 August.**

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	0.2
Eurozone Services Business Activity <i>PMI</i>	0.0	0.4

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).

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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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