

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) December 1st 2016

Markit Eurozone Manufacturing PMI® – final data

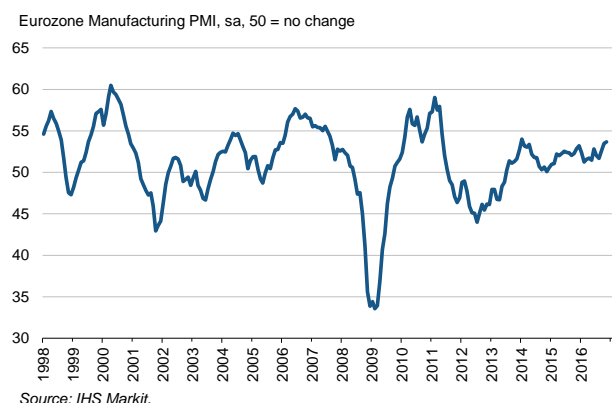
Eurozone Manufacturing PMI at highest level since January 2014

Key findings:

- Final Eurozone Manufacturing PMI at 53.7 in November (Flash: 53.7, October Final: 53.5)
- Growth led by the Netherlands, Austria, Spain and Germany
- Output prices rise at fastest pace in over five years, as cost inflation surges to 56-month record

Data collected November 11-23

Markit Eurozone Manufacturing PMI



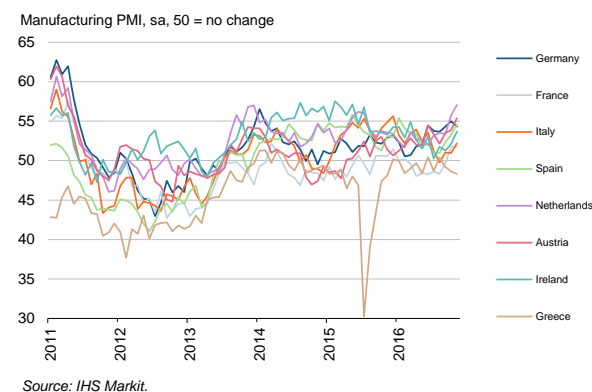
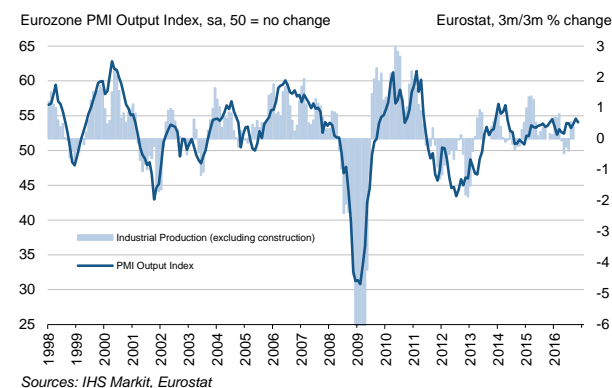
The upturn in the eurozone manufacturing sector continued to gather pace in November. Operating conditions improved to the greatest degree since the start of 2014, underpinned by further growth in production volumes, rising staffing levels and stronger inflows of new work.

The final Markit Eurozone Manufacturing PMI® rose to a 34-month high of 53.7 in November, up from 53.5 in October and unchanged from the earlier flash estimate. The PMI signalled expansion for the forty-first successive month, extending its current record sequence above the stagnation mark of 50.0.

National PMI data pointed to a solid spine of growth running from the Netherlands, through Germany and into Austria. This was highlighted by the Netherlands

Countries ranked by Manufacturing PMI: Nov.*

Netherlands	57.0	35-month high
Austria	55.4	66-month high
Spain	54.5	10-month high
Germany	54.3 (flash: 54.4)	2-month low
Ireland	53.7	8-month high
Italy	52.2	5-month high
France	51.7 (flash: 51.5)	2-month low
Greece	48.3	12-month low



PMI hitting a 35-month high, the Austrian PMI a 66-month record and the German PMI remaining close to October's 33-month peak. Stronger rates of expansion were also signalled in Spain, Italy and Ireland, while growth slowed slightly in France. The downturn in Greece continued, with its PMI falling to

a 12-month low (but still well above the lows in mid-2015).

Manufacturing production rose for the forty-first month running in November, although the rate of expansion eased slightly. Underpinning the increase in output was the sharpest rise in new orders since February 2014, as demand from domestic and export markets improved. Greece was the only nation covered by the survey to register declines in output, new business and new export orders.

November saw a solid increase in new export business* at eurozone manufacturers, with the rate of growth accelerating to a 33-month peak. The sharpest increases were recorded in the Netherlands, Austria, Spain and Germany, with only the latter failing to see an improved pace of expansion. Faster inflows were also registered in France, Italy and Ireland.

Input cost pressures intensified in November, as the rate of purchase price inflation rose to its highest since March 2012. Companies linked this to rising raw material costs, including metals, oil and increased import prices. Part of the rise was passed on to clients in the form of increased selling prices. Output charge inflation accelerated to its steepest rate in over five years.

The improved performance of the manufacturing sector continued to filter through to the labour market in November. Job creation was signalled for the twenty-seventh month in a row, with the rate of growth only marginally below October's near five-and-a-half year record. Staffing levels were raised in all eight of the nations covered by the survey.

Increased employment failed to prevent a further rise in backlogs of work in November. Outstanding business accumulated at one of the quickest rates since early-2011, reflecting increases in almost all of the nations covered (the exceptions being a sharp contraction in Greece and no change in Italy).

The increase in work-in-hand, combined with companies also reporting a further lengthening of vendor delivery times, suggests that demand is exceeding supply. This is likely to lead to additional

scaling up of production volumes, job creation and continued price pressures in coming months.

Comment

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

“Eurozone manufacturers are enjoying the best improvement in business conditions for almost three years, as the benefits of a weaker currency and strengthening demand helped firms brush off political worries.

“The November survey provided firm evidence that the weaker euro is providing a meaningful stimulus to manufacturing, leading to greater import substitution and higher exports. New export orders for manufactured goods rose at the fastest rate since February 2014.*

“For a region suffering double-digit unemployment, there was also good news on the jobs front. The rate of factory job creation held close to October's five-and-a-half-year high as firms boosted operating capacity in line with stronger demand.

“The focus on inventory streamlining has meanwhile also eased. With stock levels falling only fractionally, cost-cutting inventory policies are acting as less of a drag on the economy.

“A combination of rising demand for raw materials and the weaker euro meanwhile meant input prices surged higher, feeding through to increased factory gate prices. Manufacturing output price inflation is currently running at its highest for over five years, which will inevitably translate into higher consumer prices in coming months.

“While the ECB looks poised to extend its quantitative easing programme at its December meeting, the upturn in growth and inflationary pressures will further fuel talk of whether we could see the ECB start tapering its asset purchases next year.”

-Ends-

*Including intra-eurozone trade.

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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 November 2016 flash was based on 95% 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@ihsmarkit.com.

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