

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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Markit Eurozone Composite PMI[®] – final data

Includes Markit Eurozone Services PMI[®]

Eurozone growth wanes as downturns in France and Italy continue

- Final Eurozone Composite Output Index: **52.0** (Flash 52.3, August 52.5)
- Final Eurozone Services Business Activity Index: **52.4** (Flash 52.8, August 53.1)

The ongoing malaise in the eurozone economy continued at the end of the third quarter, with the latest PMI data showing a further waning of output and new order growth.

The final **Markit Eurozone PMI[®] Composite Output Index** fell to a ten-month low of 52.0 in September, down from 52.5 in August and below the earlier flash estimate of 52.3. The average reading for the third quarter as a whole (52.8) was also the lowest so far in 2014. Growth of new business, meanwhile, was the weakest since October 2013.

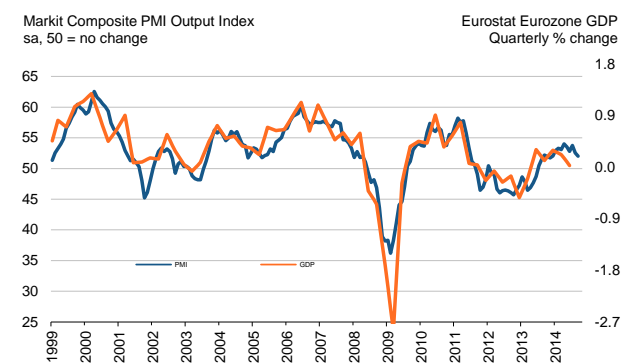
Trends at manufacturers and service providers were also subdued during September. Growth of manufacturing production was unchanged from August's low, as new orders fell for the first time in 15 months. Rates of increase in services activity and new business were both at six-month lows.

By nation, the strongest expansions were registered in Ireland and Spain, albeit at slower rates than in the prior month. Germany was the only nation covered to register a slight acceleration in the rate of output expansion, as a stronger service sector performance offset a further slowdown at manufacturers.

Faster downturns were signalled for France and Italy. France saw solid declines in both manufacturing production and service sector activity. The contraction in Italy was centred on the service sector, as manufacturing output expanded.

The lacklustre performance of the eurozone economy meant that job creation also remained

Markit Eurozone PMI and GDP



Source: Markit, Eurostat. GDP = gross domestic product

Nations ranked by all-sector output growth* (Sep.)

Ireland	60.0	3-month low
Spain	55.3	3-month low
Germany	54.1 (flash: 54.0)	2-month high
Italy	49.5	10-month low
France	48.4 (flash: 49.1)	3-month low

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

weak overall, as payroll numbers edged higher for the sixth month running. The sharpest reduction in backlogs of work since July 2013 also signalled a weak future trend in employment.

Staffing levels fell at the steepest pace for 16 months in France. Job creation accelerated in Germany, but slowed in Ireland and Spain. Headcounts stabilised in Italy, following a slight decrease in August.

Inflationary pressures remained subdued in September. Average input prices rose at the slowest pace for five months, as service sector cost inflation slowed and manufacturing purchase prices declined. Output charges fell for the thirtieth month running and to the greatest extent since July 2013.

Services:

The eurozone services economy expanded for the fourteenth successive month in September. However, further signs of the upturn waning were evident, with growth of both business activity and new business both slowing to six-month lows. Job creation was also only slight, with the pace of increase holding steady at August's five-month low.

The **Eurozone Services Business Activity Index** posted 52.4 in September, down from the earlier flash estimate of 52.8 and August's reading of 53.1. Over the third quarter as a whole, the average index posting of 53.2 was only slightly above the prior quarter's 53.1 but nonetheless the highest since the second quarter of 2011.

Business activity rose strongly in Germany, Spain and Ireland, but this was partly offset by a deeper downturn in Italy and a renewed contraction in France. Similar trends were seen for new business.

Growth of new business hit a 39-month peak in Germany and a 100-month high in Ireland. This bodes comparatively well for trends in business activity and employment for these nations in the near-term, especially given that both are already seeing solid service sector job creation.

Looking further ahead the picture is less certain for Germany, with business optimism[†] for conditions in one year's time slumping to a 15-month low. Conversely, optimism in Ireland held at a much higher level.

New business fell in France and Italy, while new order growth slowed sharply in Spain. Weakening inflows of new business were reflected in the labour markets of these nations, with service sector jobs cut at the fastest pace in 17 months in France and no change in headcounts in either Spain or Italy.

Inflationary pressures remained subdued in September. Average costs rose at the slowest pace since April, while output charges were reduced for the thirty-fourth successive month. Selling prices rose in Germany and Ireland, but fell at solid clips in France, Italy and Spain.

[†] 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 PMI suggests the eurozone economy remained stuck in a rut in the third quarter. After GDP stagnated in the second quarter, we can only expect modest growth of 0.2-0.3% in the third quarter based on these survey readings, with momentum being lost as we head into the final quarter of the year."

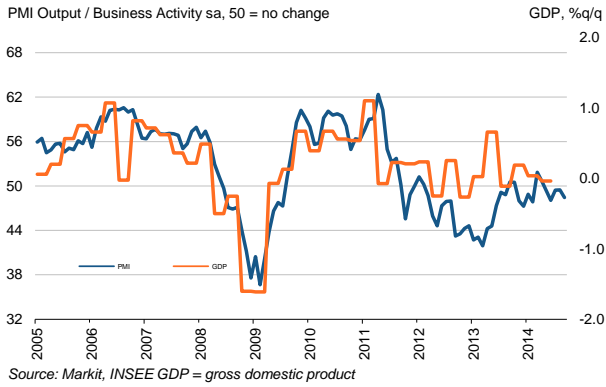
"There are certainly pockets of growth: Ireland's economy is recovering strongly, Spain is seeing a still-robust upturn and the German service sector is providing an important prop to growth in the region as a whole. But the overall picture is one of a euro area economy that is struggling against multiple headwinds. These include a lack of domestic demand in many countries, subdued bank lending, sanctions with Russia and a reluctance of companies to expand in the face of an uncertain economic outlook."

"The survey showed growth of new orders sliding to the weakest for almost a year across the region as a whole, suggesting demand for goods and services is barely growing. Employment was held more or less unchanged again as a result, and a weakening in firms' backlogs of orders suggests we could see headcounts start to fall again in coming months if this lack of demand persists."

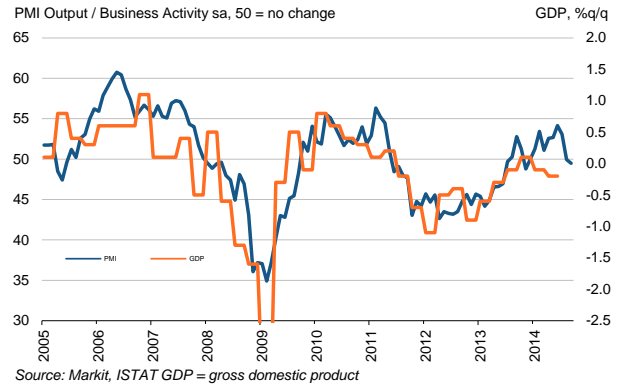
"The waning of growth signalled by the PMI will apply further pressure on the ECB to broaden the scope of its planned asset purchases, to not only buy riskier asset-backed securities but to also start purchasing government debt."

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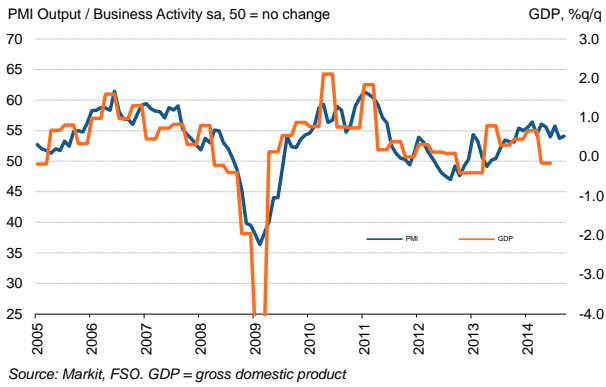
France



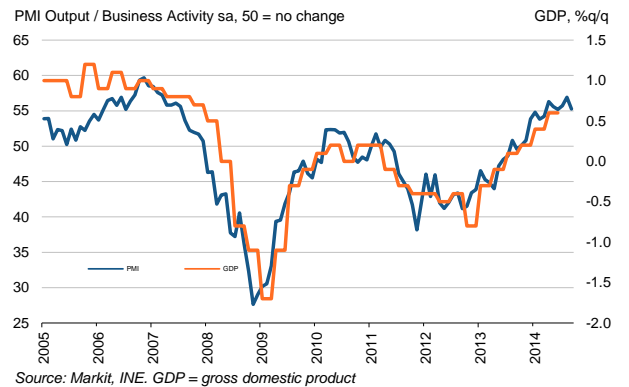
Italy



Germany



Spain



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Notes to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) 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 September composite flash was based on 83% of the replies used in the final data. The September services flash was based on 75% of the replies used in the final data. **Data were collected 12-25 September.**

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> [®]	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.

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About PMI

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

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