

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) September 5th 2018

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Output growth broadly steady in August but expectations weaken

Key findings:

- Final Eurozone Composite Output Index: **54.5** (Flash: 54.4, July Final: 54.3)
- Final Eurozone Services Business Activity Index: **54.4** (Flash: 54.4, July Final: 54.2)

Data collected August 13-28

Euro area economic growth moved broadly sideways during August. The final **IHS Markit Eurozone PMI® Composite Output Index** came in at 54.5, up slightly from the earlier flash estimate but only a marginal improvement on July's 54.3.

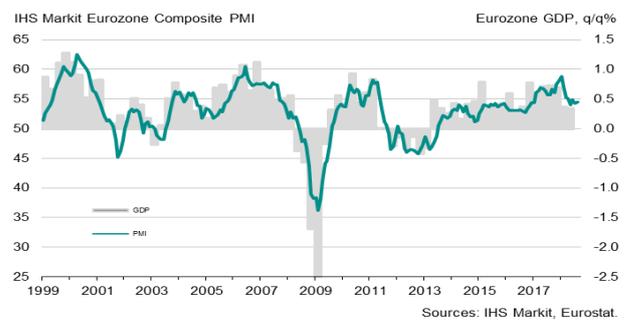
Rising activity has now been registered continuously for over five years, although growth in August remained well down on the rapid rates seen around the turn of the year. Both manufacturing production and service sector activity rose at similar and slightly faster rates.

In line with the recent trend, national PMI data again pointed to a broad-based expansion of economic output. All countries recorded an increase in activity, with growth again led by Ireland (7-month high). Germany (6-month high) and France (2-month high) both saw marked and accelerated rates of growth, whilst Spain registered a slight improvement in growth compared to July's 56-month low. In contrast to other nations, Italy saw a weaker rate of expansion, with economic output here rising at its slowest rate in just under two years (22-month low).

The levels of new work continued to increase during August, with the rate of growth improving slightly on July, but business confidence regarding future activity continued to weaken. Latest data showed expectations were at their lowest level for 23 months as global trade tensions and the unknown impact on future activity continued to

undermine confidence. Most notably, sentiment amongst Italian and Spanish companies fell to around five-year lows. Expectations in France were at their weakest in over a year-and-a-half.

IHS Markit Eurozone Composite PMI



Countries ranked by output growth*: August

Ireland	58.4	7-month high
Germany	55.6 (flash: 55.7)	6-month high
France	54.9 (flash: 55.1)	2-month high
Spain	53.0	2-month high
Italy	51.7	22-month low

* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release.

Despite relatively subdued expectations for activity, companies continued to add to workforce numbers. Growth was again marked and improved since July to a six-month high. Germany saw a particularly strong rise in employment, with growth here accelerating to its best since March 2011. In contrast, job creation in Italy was the lowest for a year.

Input costs again rose at a sharp pace, despite inflation easing to a three-month low. A similar trend was seen for output charges. Price pressures remained most acute in Germany, compared to relatively subdued trends in Italy (where a slight fall in output charges was recorded).

Services

August's final IHS Markit Eurozone PMI[®] Services Business Activity Index edged up to 54.4 from July's 54.2, and was unchanged on the earlier flash reading.

At the country level, growth remained broad-based, with all nations again recording higher levels of activity. Rates of expansion were firmer in France, Germany and Ireland, moved broadly sideways in Spain but decelerated to a four-month low in Italy.

The slightly firmer increase in activity was accompanied by a marginally stronger gain in new business. As was the case for activity, growth in new work remained marked, but still well down on rates recorded around the turn of the year.

Geo-political trade tensions ensured that business expectations in the service sector were at their lowest for 21 months in August. However, the subdued outlook failed to have a negative impact on the labour market. Jobs were added in the service sector to the greatest degree in just short of 11 years.

Capacity pressures were a factor driving employment higher, as signalled by another solid rise in work outstanding. In Germany, growth of employment was the strongest since October 2007. France and Ireland saw the strongest gains in jobs for four and eight months respectively. Job creation was a little slower in Spain, but remained marked, whilst only modest growth was recorded in Italy.

On the price front, a combination of higher wage costs (especially in Germany) and increased fuel prices resulted in another elevated rise in company operating expenses. As a result, output charges were increased at a solid rate. In Germany, output price inflation remained close to a near survey-record pace. Ireland registered its strongest charge inflation for five months, but pricing power was more subdued elsewhere. This was especially the case in Italy, where prices were cut for a seventh successive month.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The Eurozone PMI shows the recent run of robust growth of business activity, new orders and employment extending into August. However, the expansion is looking increasingly uneven and the business mood has become more unsettled during the summer."

"The survey data for the third quarter so far suggest the single currency area is on course to at least match the 0.4% expansion of GDP seen in the second quarter, yet the downturn in optimism raises questions over whether this pace of growth can be sustained into the fourth quarter."

"Business expectations about activity levels in the year ahead dropped to the lowest for almost two years amid growing concerns about the impact of trade wars and heightened political uncertainty."

"Growth also looks worryingly unbalanced. Although all of the largest euro countries have seen growth moderate so far this year, solid expansion is still being signalled for Germany and, to a lesser extent, France."

"But Italy saw growth slow sharply in August to suggest the region's third largest economy on course for its weakest expansion for nearly two years, while in Spain the third quarter could be the worst for almost five years, barring a noticeable pick of business activity during September."

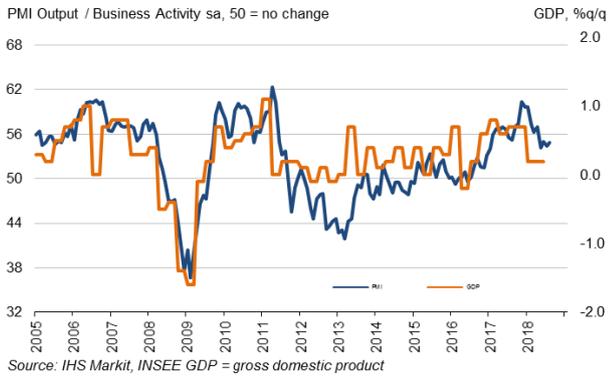
"Price trends are also varied across the region, ranging from near-record inflation in Germany to falling prices in Italy, serving as a reminder that deflationary pressures, it appears, have not completely disappeared from the euro area."

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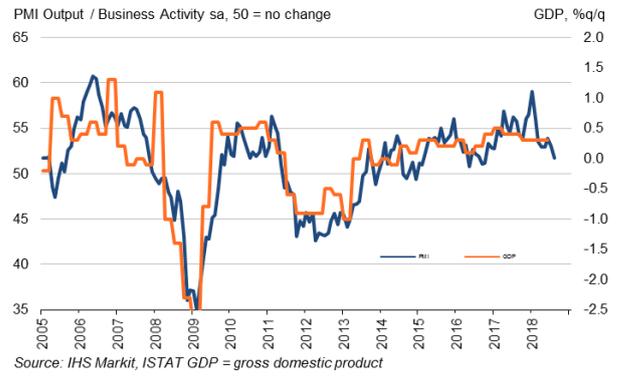
** [Click here](#) for further details of using the PMI to measure GDP in advance.

† for business confidence (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.

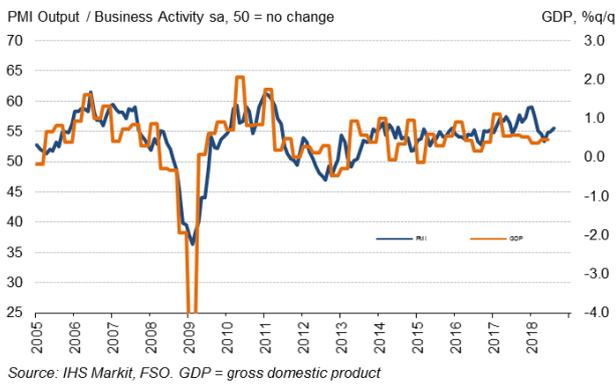
France



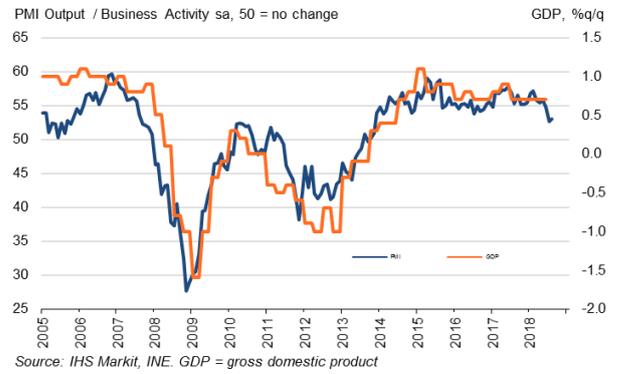
Italy



Germany



Spain



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Note to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS 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 IHS 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 74% of the replies used in the final data. **Data were collected 13-28 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>	0.0	0.2
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.

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

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About PMI

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