

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time) 5 December 2011**

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

### Output contracts in all four largest euro nations in November

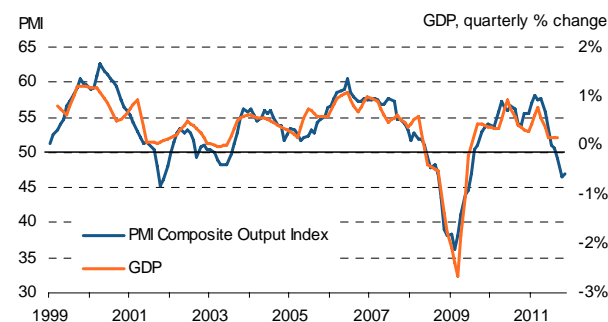
Data collected 11–25 November.

**Key points:**

- Final Eurozone Composite Output Index at 47.0 in November, down from flash reading of 47.2
- Germany joins France, Italy and Spain in contraction territory
- Job creation remains stagnant, with only Germany and France reporting payroll growth

The Eurozone private sector economy contracted for the third month running in November. At 47.0, up from 46.5 in October, the final **Eurozone PMI<sup>®</sup> Composite Output Index** signalled a slight easing in the rate of decline, but was weaker than the earlier flash estimate of 47.2. Output of the combined manufacturing and service sectors declined across all of the big-four nations for the first time since July 2009.

**Markit Eurozone PMI and GDP**



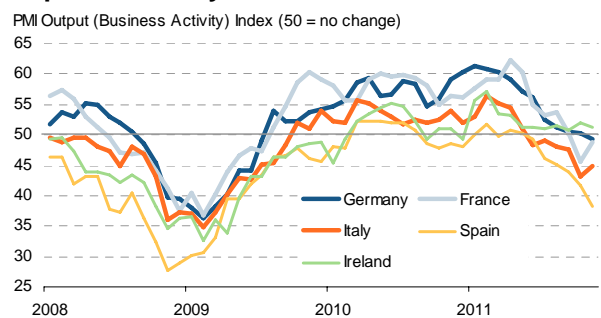
Sources: Markit, Eurostat. GDP = gross domestic product.

Both manufacturing and services output indicators came in slightly below their flash readings. Manufacturing production declined at the fastest pace in almost two-and-a-half years, dropping for the fourth successive month. Services business activity meanwhile fell for the third successive month, though the rate of contraction eased over the month.

Germany fell back into contraction for the first time since July 2009, contrasting with the slight expansion signalled by its flash estimate, as a steepening downturn in manufacturing offset marginal growth in services activity. France and Italy both saw headline rates of contraction ease over the month but, in both countries, activity continued to fall at manufacturers and service providers alike. The downturn in Spain deepened, especially in services, with overall output falling at the quickest pace since March 2009.

In contrast to the declines seen in the four largest euro nations, Ireland reported higher output in November. Growth slowed, however, as a modest fall in manufacturing production offset faster growth in services activity.

**Output indices by nation**



Source: Markit

**Nations ranked by output (November)**

Ireland	51.2	2-month low
Germany	49.4	28-month low
France	48.8	2-month high
Italy	44.8	2-month high
Spain	38.2	32-month low

**New business falls further in big-four nations**

Inflows of incoming new business deteriorated further in November, largely reflecting the global economic slowdown and rising levels of financial

market uncertainty. The rate of contraction in new orders was only slightly less marked than October's 28-month record, and sharper than the flash estimate.

New orders fell across the big-four nations, with the sharpest declines seen in Italy and Spain. Rates of reduction slowed in France, Italy and Spain, but accelerated slightly in Germany. In contrast, Ireland saw new business rise for the second month running.

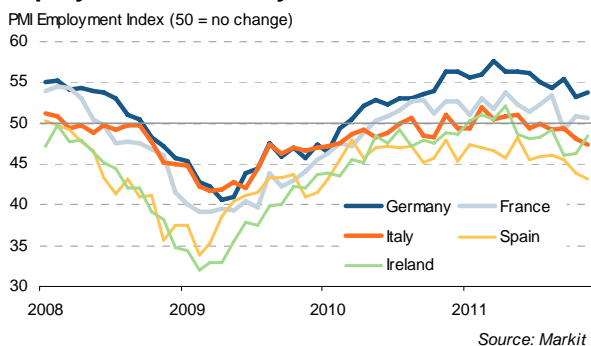
Weak demand led to the further development of spare capacity. Outstanding business fell at a rate unchanged from October's 27-month record, with declines signalled in all of the nations covered by the survey.

### Job creation remains stagnant

The ongoing downturn in new orders and concerns about future demand growth meant employment rose only slightly in November – a marginally better outcome than the stagnation signalled by the earlier flash reading. A very slight increase in staffing levels at service providers offset a small decline in manufacturing.

Marked employment disparities persisted between nations, with only Germany and France reporting growth in jobs. Payroll numbers fell at the fastest rates since January of last year in both Italy and Spain, while job losses in Ireland were the weakest for three months.

### Employment indices by nation

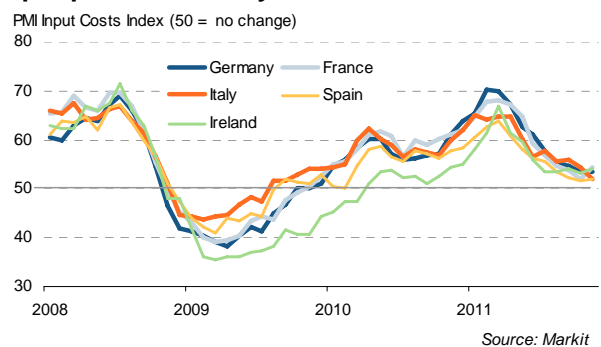


### Input costs increase at faster pace

Input price inflation accelerated from October's 22-month low, but was still well below the peak seen back in March. Input price inflation accelerated in Germany, France, Spain and Ireland, but slowed to a 26-month low in Italy.

A marked divergence in input cost inflation remained between manufacturers and service providers. Manufacturers saw costs fall for the second successive month, reflecting the ongoing unwinding of the commodity price surge at the start of the year. In contrast, service providers reported a slightly faster rate of increase in costs, although the rate remained much weaker than earlier in the year.

### Input price indices by nation



Prices charged rose for the first time in three months during November, but only slightly and to a lesser degree than signalled by the earlier flash estimate. Companies reported that strong competition and weak demand continued to restrict their pricing power.

Manufacturers and service providers in France and Germany all reported raising their selling prices in November, as did Italian manufacturers. In contrast, the remaining national manufacturing and service sector surveys all signalled lower output charges.

### Comment:

**Chris Williamson, Chief Economist at Markit** said: *"The final PMI numbers indicate that the Eurozone contracted for the third successive month in November, putting the region on course for an economic contraction of approximately 0.6% in the final quarter of the year."*

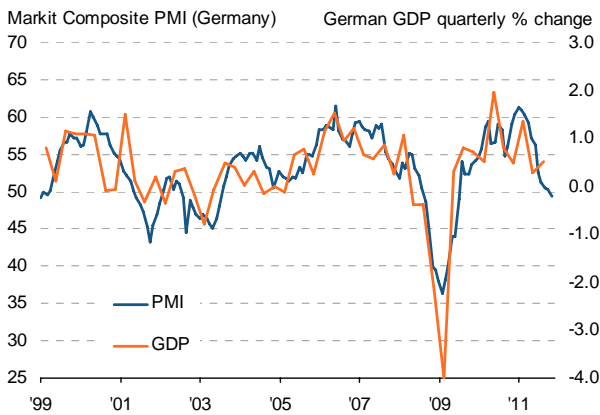
*"The major Eurozone countries are all now contracting and face the risk of recession. Italy is faring the worst, with the survey suggesting that GDP could collapse by 1% in the fourth quarter, while both France and Spain are likely to see their economies contract by around 0.5%."*

*"Germany is currently seeing only a very modest downturn, but that looks set to worsen in coming months as its manufacturing sector – the engine room of the region's recovery – is reporting a steep*

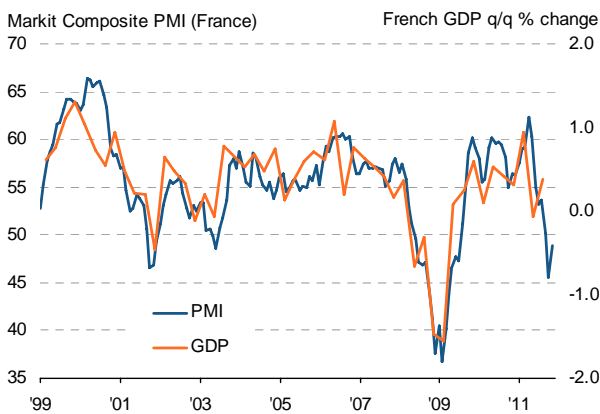
loss of new orders, especially in export markets.”

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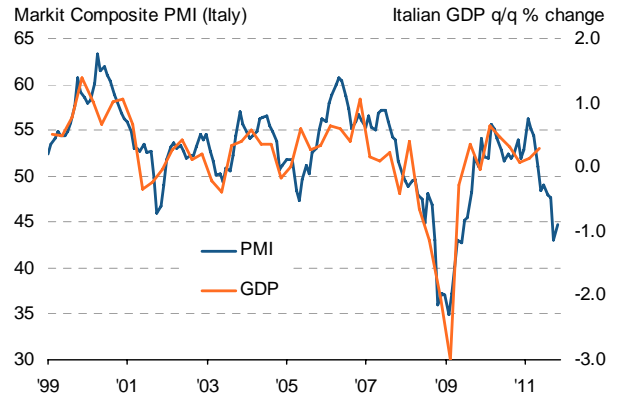
**Germany**



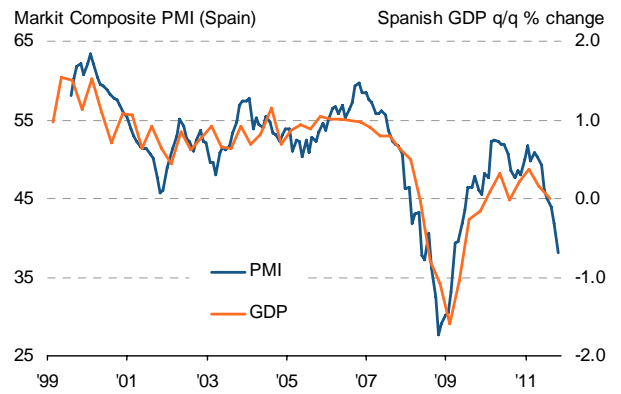
**France**



**Italy**



**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 4,500 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 **final** Eurozone Composite *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 flash was based on 88% 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 Composite Output <i>PMI</i> <sup>®</sup>	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 subsequently revised data are available to subscribers from Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

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**About PMIs**

*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).

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