

## News Release

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

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

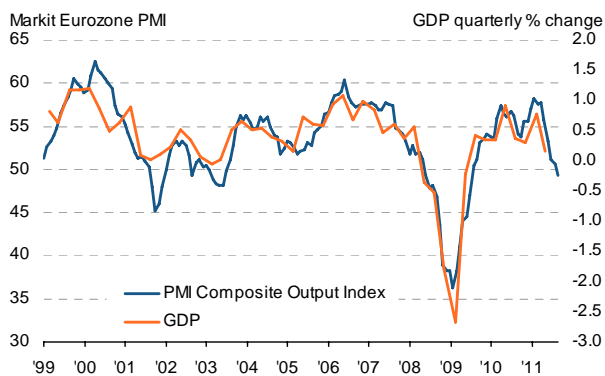
## Broad-based weakening causes Eurozone to contract for first time in over two years

Data collected 12–27 September.

#### Key points:

- Final Eurozone Composite Output Index at 49.1 (compared with 50.7 in August).
- New orders fall at sharper rate, job creation slows.
- Faster rates of contraction in Italy and Spain accompanied by near-stagnation in France and Germany.

#### Markit Eurozone PMI and GDP



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

At 49.1, down from 50.7 in August, the final **Eurozone PMI<sup>®</sup> Composite Output Index** for September signalled the first drop in private sector activity since July 2009. The final reading was broadly unchanged on the earlier flash estimate of 49.2.

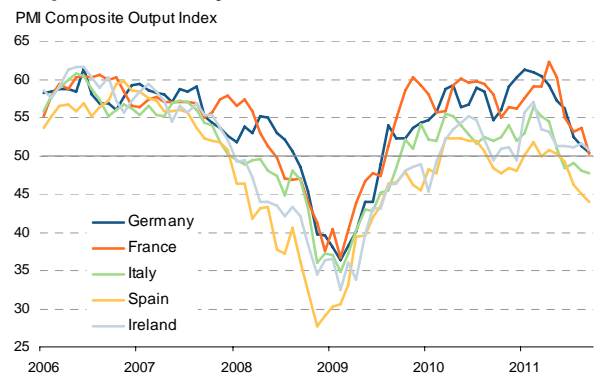
The average reading for the third quarter as a whole was just 50.3 – signalling a stagnation of activity – down from 55.6 in Q2 and 57.6 in Q1.

Manufacturing production fell for the second month running, albeit at only a very modest rate. Meanwhile, services activity fell to a greater extent

than signalled by the preliminary estimate, contracting at the fastest rate since July 2009.

By country, activity at the composite level fell in both Spain and Italy for the fourth successive month, dropping at the fastest rates since July 2009 and August 2009 respectively. However, weakness was not confined to these nations. Activity rose only very marginally in both France and Germany, signalling that these recoveries, which both commenced in August 2009, have almost ground to a halt.

#### Output indices by nation



#### Nations ranked by output (September)

Ireland	50.8	9-month low
Germany	50.5	26-month low
France	50.2	26-month low
Italy	47.7	25-month low
Spain	43.9	26-month low

#### Declines in new orders seen across all four of the largest Eurozone economies

In a sign that activity may fall further in October, incoming new business in the Eurozone fell for the second month running. Furthermore, the rate of decline accelerated since August to signal the

largest drop in demand since July 2009. New orders fell in manufacturing and services at the steepest rates since June 2009 and July 2009 respectively. Manufacturing new orders have now fallen for four successive months, while the decline in services was the first since August 2009.

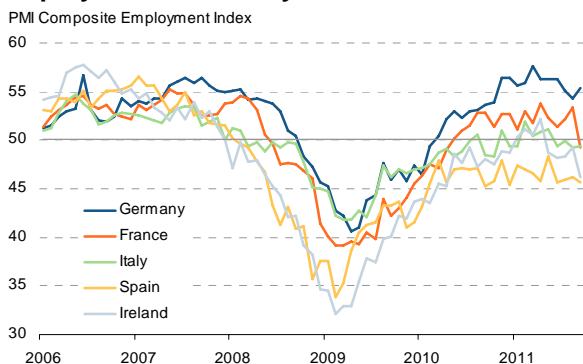
The rates of contraction in new orders in the four largest Eurozone economies were all the fastest since the summer of 2009, although the decline in France was only marginal overall.

### Weakest job creation since June 2010

Employment rose to a slightly lesser degree than indicated by the flash reading, posting the smallest increase since June of last year. Similarly weak rates of job creation were recorded in manufacturing and services.

By country, only Germany saw an overall increase. France saw a particularly steep deterioration in its Composite Employment Index, marking the first month of job losses for 17 months. However, like Italy, the rate of decline in France was only slight. Spain saw by far the fastest rate of job losses of the big-four.

### Employment indices by nation



Job losses were often associated with weak demand and the development of surplus operating capacity. Lower new order inflows caused backlogs of work to decline for the third successive month, and at the fastest rate for two years. Backlogs fell at stronger rates in both manufacturing and services. Outstanding business fell in Germany, Italy and Spain, while France recorded a marginal rise.

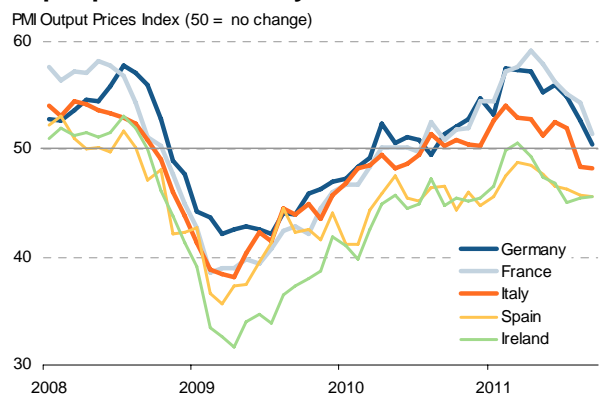
### Charges for goods and services fall

Weak demand, strong competition and slower growth of input costs were all factors driving prices

charged for goods and services down in September, ending a 13-month sequence of charge inflation. Similarly, average input costs showed the smallest increase since January 2010. Both price indices have fallen sharply since peaking in the spring.

Input cost inflation eased in Germany and Spain, and rose slightly in Italy. France, meanwhile, registered a marginal fall in input prices. Easing cost pressures were often linked to commodities and energy. Prices charged continued to rise in France and Germany (albeit at reduced rates), but fell in Italy and Spain as weak demand prompted firms to offer discounts.

### Output prices indices by nation



### Comment:

**Chris Williamson, Chief Economist at Markit said:**  
*“The final PMI for September is even more gloomy than the earlier flash reading, providing confirmation that the Eurozone recovery has ground to a halt. A mild output contraction in September sits in stark contrast to the buoyant pace of expansion seen at the start of the year, suggesting that the economy will have stagnated in the third quarter as a whole. Even more disappointing is the steep drop in new business, which suggests that GDP will contract in the fourth quarter unless business and consumer confidence rallies in coming weeks.”*

*“Downturns have gathered worrying momentum in both Spain and Italy, while falling new orders in Germany and France threaten to drive these core countries from near-stagnation in September into contraction in October.”*

-Ends-

**For further information, please contact:**

**Markit**

Chris Williamson, Chief Economist  
 Telephone +44-20-7260-2329  
 Mobile +44-779-5555-061  
 Email [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

Rob Dobson, Senior Economist  
 Telephone +44-1491-461-095  
 Mobile +44-7826-913-863  
 Email [rob.dobson@markit.com](mailto:rob.dobson@markit.com)

Rachel Harling, Associate, Corporate Communications  
 Telephone +44-20-7064-6283  
 Mobile +44-782-7891-072  
 Email [rachel.harling@markit.com](mailto:rachel.harling@markit.com)

**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 September flash was based on 83% 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).

**About Markit**

Markit is a leading, global financial information services company with over 2,200 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial marketplace. For more information, see [www.markit.com](http://www.markit.com).

**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).

The intellectual property rights to the Eurozone Composite *PMI* provided herein is owned by Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*<sup>®</sup> and *PMI*<sup>®</sup> are registered trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.