

Europe Flash

Eurozone composite PMI eased down in September, dragged down by the sharp decline in France

- September's figures were slightly below expectations**

The flash Composite index for the whole Eurozone fell from 46.3 to 45.9, with an improvement in manufacturing and worse figures for services. We had hoped to see an increase in confidence supported by recent positive news in Europe (ECB's Outright Monetary Transactions), but it did not materialize. Overall, today's PMIs show further evidence that the Eurozone GDP fall in Q3 should be larger than that observed in Q2, in line with our MICA-BBVA indicator that projects a -0.3% q/q decline.

- Germany private sector output close to stabilization in September**

Surprisingly good news from Germany, as resilient domestic demand is supporting the services sector, which surpassed the level of 50. The slowdown in global demand continues to weigh on the manufacturing sector, which also improved substantially, although the fall in export orders slowed somewhat.

- Sharp decline in French private sector output**

September's figures surprised on the downside, with falls of more than 3 points in both services and manufacturing. This raises concerns about the worsening of domestic demand, which has up to now been the main support of the French economy.

Table 1
PMI survey for September

	Eurozone		Germany		France	
	August	September	August	September	August	September
PMI Composite	46.3	45.9	47.0	49.7	48.0	44.1
PMI Services	47.2	46.0	48.3	50.6	49.2	46.1
PMI Manufacturing	45.2	46.0	44.7	47.3	46.0	42.6

Source: Markit Economics

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