

## Eurozone | PMIs point to improved growth and employment in 4Q15

Agustín García / Miguel Jiménez / Massimo Trento

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### Eurozone: increasing confidence, especially in the service sector

The composite PMI in the eurozone increased 0.5 points to 54.4 in November, the highest level in more than four years, according to Markit's flash estimate, higher than expected (BBVA Research: 53.5; consensus : 54.0), while the average so far this quarter recorded an improvement of 0.3 points compared to the 3Q15 data. The behaviour of the index in November was due to an increase in the manufacturing index to 52.8 (from 52.3 in October), and an increase of five-tenths in the service sector to 54.6. Analysing the sub-indices, the improvement in activity could be maintained in December as new orders received, especially in commercial activity, and the backlogs of work, as well as job creation, have increased at the highest rate since May 2011.

Although the information for 4Q15 is limited to confidence data, improved PMIs so far this quarter suggest that the pace of growth could be strengthened or even accelerated slightly, in line with our scenario that contemplates a quarterly GDP growth of 0.4% QoQ in 4Q15 [1].

### Activity remains robust in Germany while France loses traction, with an intense pace of expansion in the periphery

The German composite PMI increased in November (from 54.2 to 54.9 points) recording a more significant improvement in the service sector than in manufacturing, with new orders (internal and external) growing at the fastest pace in two years. On the other hand, the sharp rise in order backlogs has led German companies to continue hiring new employees, posting the fastest pace of expansion in employment in four years.

In November, the composite PMI for France reduced by 1.3 points to 51.3. This decline is the result of the slight increase in the manufacturing index (+0.2 points to 50.8), especially in its new orders component, and a significant reduction in the services sector (-1.4 points to 51.3), mainly due to worsening business expectations, according to the survey, after the terrorist attacks in Paris. Job shedding went on for the third consecutive month.

For countries on the periphery, the press release stressed that the momentum continues, with confidence rising fast and remarkable levels of job creation.

[1] For more information, see [Europe Economic Outlook 4Q15](#)

Figure 1

## Eurozone, Germany and France's PMIs

CC	Indicator	October	November	BBVA	Consensus
	Composite PMI	53,9	54,4	53,5	54,0
Eurozone	Manufacturing PMI	52,3	52,8	51,5	52,3
	Services PMI	54,1	54,6	53,5	54,1
Germany	Composite PMI	54,2	54,9	-	54,0
	Manufacturing PMI	52,1	52,6	51,5	52,0
	Services PMI	54,5	55,6	54,0	54,4
France	Composite PMI	52,6	52,0	-	52,5
	Manufacturing PMI	50,6	50,8	49,5	50,8
	Services PMI	52,7	51,3	52,0	52,5

Source: Markit