

## Eurozone | PMI regains strength in August, in line with stable growth in Q3

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### Eurozone: the recovery of confidence in services and the stability in manufacturing boost the index in August

According to Markit's preliminary estimate, composite PMI in the eurozone recovered the growth trend, increasing 0.2 points to 54.1 (BBVA Research: 53.6; consensus: 53.7), again reaching again the highest value observed at the end of the second quarter, and thus above the average recorded in 2Q15 (53.9 points from 53.7 in 2Q15). This increase was due to both the increased activity in the service sector (54.3 after 54.0 in July, ranking well above the average of 53.8 in 2Q15) and the continuation of manufacturing in positive territory (52.4 after 52.4 in July). The sub-indices in the survey show positive results: output upturns in both sectors, because of the growth of new orders, including a sharp increase of new export orders in manufacturing. This has led to further growth in job creation, thereby raising employment in the eurozone for ten months in a row. Taking all this into account, and although the information is limited for 3Q15 as a whole, these indicators suggest stabilisation in the pace of the eurozone's economy, at around 0.4% QoQ since late last year.

### Renewed growth in Germany and moderation in France, while the economies of the periphery move at a steady pace

In August, the composite PMI for Germany has increased from 53.7 to 54.0 points after minor moderation in July, due to the significant improvement in manufacturing (53.2 after 51.8) which offsets the new fall observed in the service sector (53.6 after 53.8). The manufacturing sector shows its greatest increase in new export orders, which has sharply accelerated the creation of employment, while optimism in the services sector fell again in August.

In France, the composite PMI remains above the 50 threshold for the seventh consecutive month, albeit still at a level consistent with an increase in the marginal activity (51.3 after 51.5). Disparities between the sectors' dynamics persist: the service sector, despite remaining above 50 points, has a lower growth rate than in the previous month (51.8 after 52.0), while manufacturing continues its decline into negative territory (49.2 after 49.6), caused by a sharp drop in new orders. The positive note is that business expectations have marginally improved compared to the previous month. Job creation, however, continues its decline for the second consecutive month.

With regard to the other countries, Markit's accompanying statement suggests that the pace of expansion in the periphery remains steady, and higher than in Germany and France.

Table 1

## PMI in the eurozone, Germany and France

<b>CC</b>	<b>Indicator</b>	<b>July</b>	<b>August</b>	<b>BBVA</b>	<b>Consensus</b>
Eurozone	Composite PMI	53,9	54,1	<b>53,6</b>	<b>53,7</b>
	Manufacturing PMI	52,4	52,4	<b>52,2</b>	<b>52,2</b>
	Services PMI	54,0	54,3	<b>53,8</b>	<b>54,0</b>
Germany	Composite PMI	53,7	54,0	-	<b>53,6</b>
	Manufacturing PMI	51,8	53,2	<b>51,6</b>	<b>51,6</b>
	Services PMI	53,8	53,6	<b>53,5</b>	<b>53,7</b>
France	Composite PMI	51,5	51,3	-	-
	Manufacturing PMI	49,6	48,6	<b>49,5</b>	<b>49,7</b>
	Services PMI	52,0	51,8	<b>52</b>	<b>52,0</b>

Source: Markit Economics