

## August manufacturing PMIs points to further expansion in the Eurozone; Greek sector continues to decline

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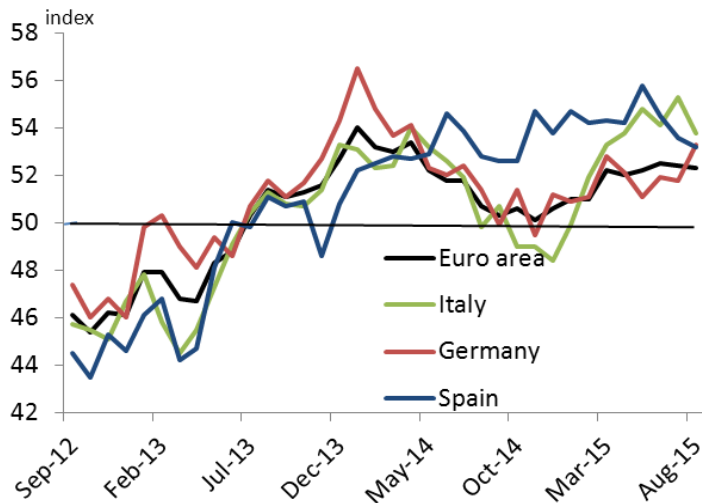
- The final Eurozone Manufacturing PMI Index came in at 52.3 in August, slightly lower from its July level of 52.4<sup>1</sup>, bringing the average PMI over the last three months to 52.4 from 51.4 over the same period in 2014. Germany, Italy, Spain, Austria, Ireland and the Netherlands experienced continued growth in their manufacturing sectors (Figure 1), while the corresponding indices in France and Greece remained below the boom-or-bust level of 50.0, suggesting ongoing manufacturing contraction (Figure 2).
- The breakdown of the relevant report revealed a further expansion in the Eurozone production and new business, with rates of growth increasing to their highest level in more than a year. In addition, the pace of increase in new export business accelerated, mirroring improved demand in both the domestic and export markets. Meanwhile, manufacturing employment rose at its fastest pace in four years, reflecting -among others- rising pressure on capacity.
- The only country that experienced accelerating rates of expansion for both production and new orders was Germany. This was underpinned by a 3.4 points gain in export new orders to 52.8, the fastest rate of expansion in almost 1.5 years. All in all, German PMI manufacturing rose to 53.3 in August from 51.8 in July, in spite of mounting concerns about global spillovers from China's economic slowdown.
- In Greece, the manufacturing sector activity continued to contract in August, extending a twelve-month falling streak. In more detail, the seasonally adjusted Markit PMI index came in at 39.1 in August, reflecting a lack of new orders from both the domestic and foreign markets and a further sharp drop in manufacturing production levels for the eight consecutive month. Although the index increased on the month from a historical low level of 30.2 in July, it still remains well below the 50.0 threshold indicating continued contraction in the sector. As far as manufacturing employment is concerned, companies reduced sector's headcount for the fifth successive month, albeit at a slower rate from July's sharpest decline in the survey's history.

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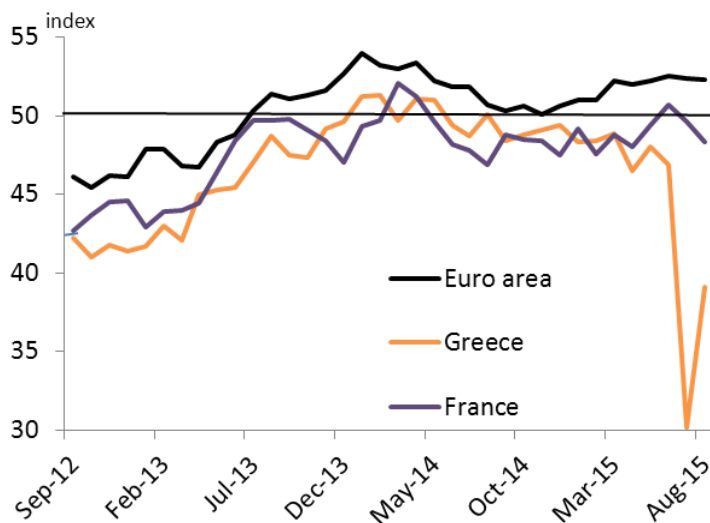
<sup>1</sup> <http://www.markiteconomics.com/Survey/PressRelease.mvc/ef512db1a38943159f0ac26099706f8d>

**Figure 1: Manufacturing PMI – Euro area countries experiencing further expansion in their manufacturing sectors**



Source: Markit, Bloomberg, Eurobank Economic Analysis and Financial Markets Research

**Figure 2: Manufacturing PMI – The manufacturing sectors in Greece and France remain in contraction**



Source: Markit, Bloomberg, Eurobank Economic Analysis and Financial Markets Research

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