

## Eurozone PMI shows economy close to stagnation

The Eurozone economy weakened further in November as services become more affected by the slowdown, and that's sparking more growth concerns



Eurozone PMI decreased slightly in November, from 50.6 to 50.3. As a reading below 50 indicates contraction in the business economy, it seems that growth is slowing to a snail's pace in the fourth quarter. Spillover effects from the manufacturing recession to the service sector are at the heart of the decline as employment growth is slowing, which is negatively affecting domestic demand.

France remains a frontrunner in terms of growth in the fourth quarter as Germany saw its PMI in contraction territory again. Other country data has not yet been released, but the rest of the Eurozone must have also been below the 50 mark indicating contraction.

The service sector slowdown is, in turn, impacting price growth as businesses indicate that prices charged rose at the slowest pace in three years, which also reflects weaker input costs. For the ECB, this means that little upside to the inflation outlook can be expected in the coming months.

All in all, as risks to the global trade outlook remain; we still have no signatures under the phase one deal between the US and China and elections in the UK could determine the fate of the Brexit

deal. Without some of these threats off the table, it is tough to see the Eurozone rebounding in the coming months. The winter months will, therefore, be a nail biter for Eurozone growth.

## Author

### Bert Colijn

Senior Economist, Eurozone

[bert.colijn@ing.com](mailto:bert.colijn@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. (“ING”) solely for information purposes without regard to any particular user’s investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies)*. The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.