

23 August 2018  
Snap

## Eurozone PMI ticks up in August

The eurozone PMI increased marginally from 54.3 to 54.4 in August, confirming a solid pace for the eurozone economy in 3Q

The PMI indicated output growth in both industry and services, but the economy has not yet got a second wind. New orders continued to grow, albeit at a slower pace. Job growth continues to be the positive highlight for the eurozone economy, with service sector businesses maintaining significant job growth.

While Germany and France showed surprising improvements in their PMIs, the overall eurozone figure increased by just 0.1. This suggests that the periphery performed rather poorly in August, which will be confirmed in a later release.

Eurozone GDP is still set for decent growth in the second half of the year of around 0.4% quarter-on-quarter, as domestic demand should continue to drive the economy forward. Still, concerns about activity in the coming months remain. While the meeting between European Commission President Jean-Claude Juncker and US President Trump has brought the trade conflict into calmer waters, businesses have not taken that as a reason to be optimistic. Expectations about growth in the coming months have been cooling, which could hurt investment and hiring plans.

For the ECB, this week has been a mixed bag of data. With the QE programme planned to end if the ECB's own expectations are confirmed, the central bank needs to see some improvement in wage growth and inflation. Yesterday showed a jump in wage growth from 1.7% in 1Q to 2.2% in 2Q. Today's PMI was somewhat more difficult to interpret, indicating that businesses have been increasing selling prices significantly, but the pace of increases has been the slowest in three months.

### Bert Colijn

Senior Economist, Eurozone  
+31 20 563 4926  
[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 NV 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. The producing legal entity 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 subject to limited regulation by the Financial Conduct Authority (FCA). 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.