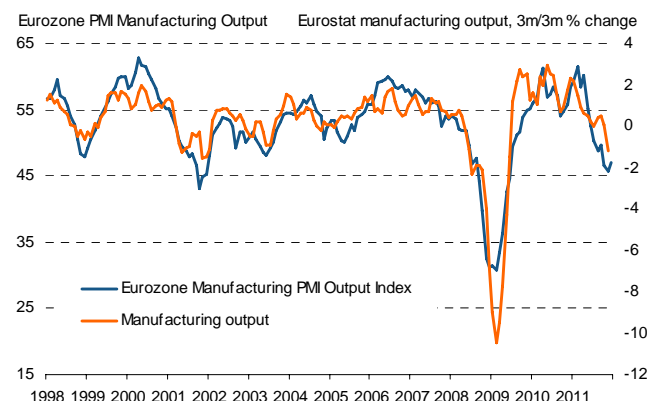


Eurozone manufacturing

Manufacturing output falls at fastest trend rate in two-and-a-half years

- **Production falls 0.1% in November, according to official data**
- **Downward trend in manufacturing steepest since June 2009**
- **PMI signals further fall in December**

Eurozone manufacturing output



Sources: Markit, Eurostat (via Ecwin).

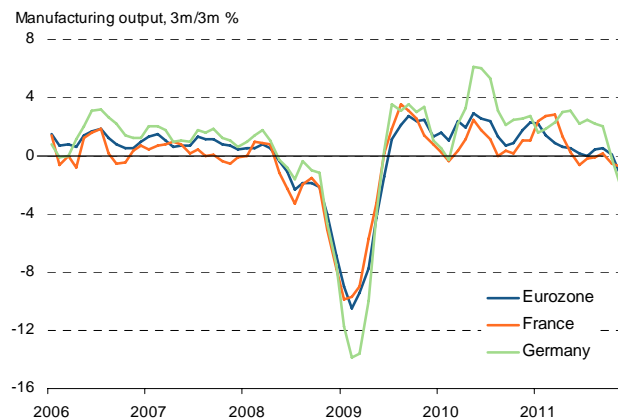
Both industrial production and manufacturing output in the euro area fell 0.1% in November. The drop in manufacturing output was the third in succession, taking production 2.4% below the peak seen in August. In the three months to November, output was 1.2% below the prior three months, signalling the steepest downward trend rate since June 2009.

The data add to signs that the Eurozone slipped back into contraction in the final quarter of 2011 – a downturn that has been flagged well in advance by the PMI surveys for the region. Furthermore, Markit's Eurozone Manufacturing PMI surveys showed output falling for the fifth month running in December, suggesting that the official data will show a further drop in production in the final month of the year.

However, the PMI's Output Index rose from November's 29-month low to reach a three-month high. Although still signalling a steep rate of manufacturing contraction (of approximately 1.5-2.0%), the easing provides some hope that the rate of decline may have peaked as we move into 2012.

Economic conditions remain extremely varied among the euro member states, according to official and survey data alike, but it is becoming evident that even Germany may struggle to avoid a slide back into recession. Recent data showed manufacturing output falling 1.9% in Germany in the three months to November and by 0.7% over the same period in France – the steepest downward trends since May 2009 in both cases.

Manufacturing output



Sources: Eurostat, FSO, INSEE via Ecwin.

Chris Williamson

Chief Economist

Markit

Tel: +44 207 260 2329

Email: chris.williamson@markit.com

For further information, please visit www.markit.com

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