

# Eurozone

## PMIs suggest industrial decline approaching double-digits in December

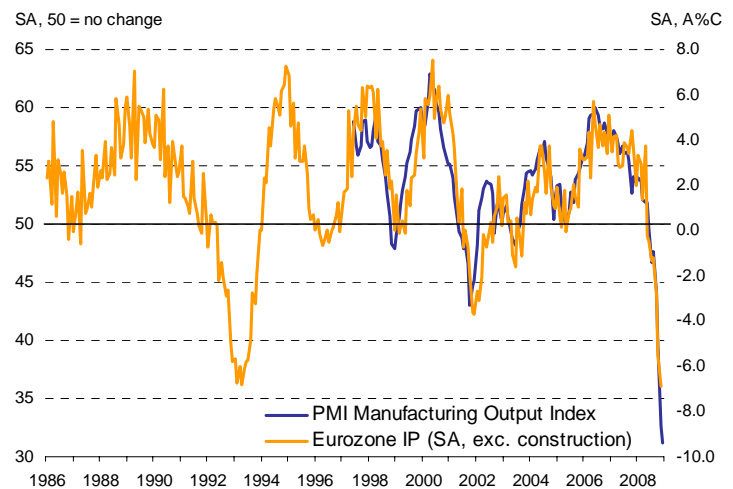
- **Official IP data show fastest decline for at least 23 years in November...**
- **...but PMIs indicate steeper downturn on the horizon...**
- **...with output likely to fall by as much as 10% y/y in December.**

The release of official Eurozone industrial production data for November showed a 6.9% year-on-year decline, adjusted for calendar effects. This represents the fastest drop on record, just beating the contraction seen in the worst month of the 1993 downturn.

Chart 1 illustrates that the Eurozone PMI Manufacturing Output Index has been a highly accurate indicator of trends in industrial output. The November index reading, released several weeks before official figures, was the lowest in over eleven years of data collection and signalled the steepest drop in euro area industrial production since at least 1986.

PMI data also suggest that extreme weakness in industrial performance continued at the end of 2008. The December reading is indicative of a year-on-year rate of contraction approaching 10%, a much steeper downturn than anything seen in the history of the official series.

**Chart 1: PMI data vs. Eurozone industrial production**



The next snapshot of industrial activity in the euro area will be the Flash Eurozone Manufacturing PMI, released on 23<sup>rd</sup> January 2009.

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