

Markit Flash Eurozone PMI

Eurozone employment growth slips as firms retrench in Q3

Key findings

- **PMI data suggest employment growth eased to 0.8% yoy in Q3.**
- **Further weakening likely in Q4.**

The September flash PMI data, published 23 September, point to a marked easing in euro area employment growth during Q3, continuing the downtrend which commenced in the summer months.

Historically, the PMI employment indices for the Eurozone and the main euro area countries correlate well with official measures of employment, but the PMI data are published well ahead of the official statistics.

The Eurozone Flash Employment Index, covering both manufacturing and services, signalled a fall in staffing levels for the third successive month in September, with the rate of job losses running at the highest since February 2004. Taking the latest three months together, the average employment index reading for Q3 was the weakest since Q1 2004.

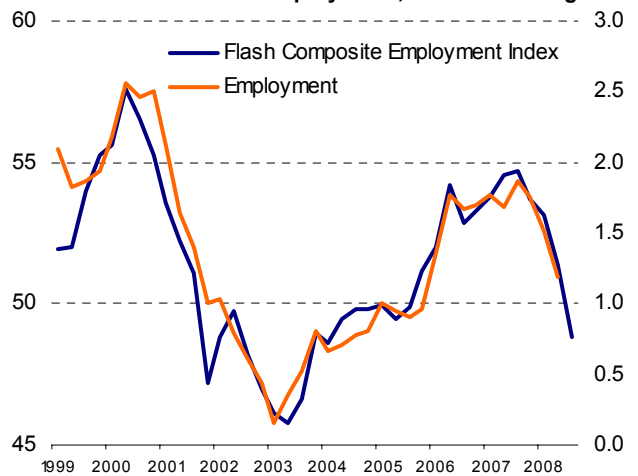
Companies responding to the PMI survey have linked the softer employment trend to disappointing sales, concerns over further economic growth and the need to cut staff costs in the face of historically high prices for oil and other inputs.

Regression analysis allows a simple comparison of PMI data against official data, and indicates that the Q3 employment data are consistent with the annual rate of growth of employment falling from a peak of 1.9% in the third quarter of last year to just 0.8% in Q3 2008.

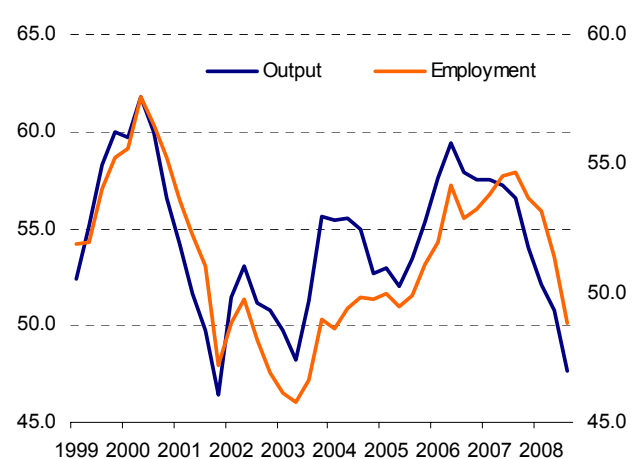
Furthermore, as the second chart on the right suggests, employment tends to lag changes in output, and the recent drop in the Flash Eurozone Output Index to the lowest level since 9/11 points to a further weakening of employment growth in Q4.

Eurozone

Eurozone Flash PMI v. employment, annual % change



Eurozone Composite Output Index Eurozone Composite Employment Index



Chris Williamson

Chief Economist

Markit

Tel: +44 20 7260 2329

Email: chris.williamson@markit.com

For further information, please visit www.markit.com

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