

Eurozone business activity contracts in September as Olympic boost fades

Eurozone business activity contracted in September, and weaker demand eased inflationary pressures. This supports the case for a European Central Bank (ECB) rate cut in October, seen as needed to encourage growth.

The eurozone's private sector declined more sharply than expected in September, entering contraction territory with a drop to levels last seen in January, according to preliminary Purchasing Managers' Index (PMI) surveys.

The Composite PMI Index for the broader eurozone fell from 51.2 to 48.9, missing economists' expectations of 50.6.

After an Olympics-driven boost to business activity in August, output in the French private sector slipped back into contraction in September, joining Germany, where the pace of decline was the most pronounced since February.

Both services and manufacturing sectors underperformed, highlighting increasing challenges for businesses across the bloc.

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