PMI®
By IHS Markit

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 1st October 2020

IHS Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing growth strongest for over two years

Key findings:

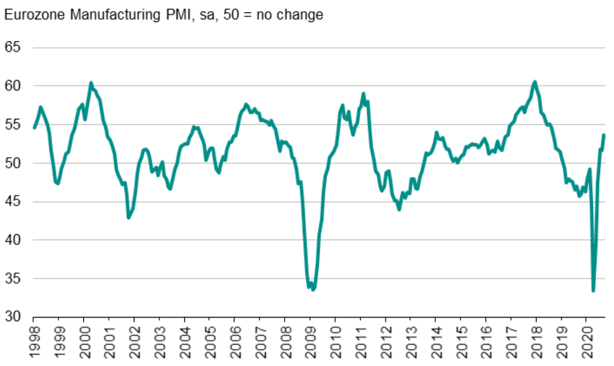
- Final Eurozone Manufacturing PMI at 53.7 in September (Flash: 53.7, August Final: 51.7)
- Output and new orders both up sharply, supported by resurgence in export trade
- Growth in region led by strong manufacturing upturn in Germany

Data collected 11-23 September

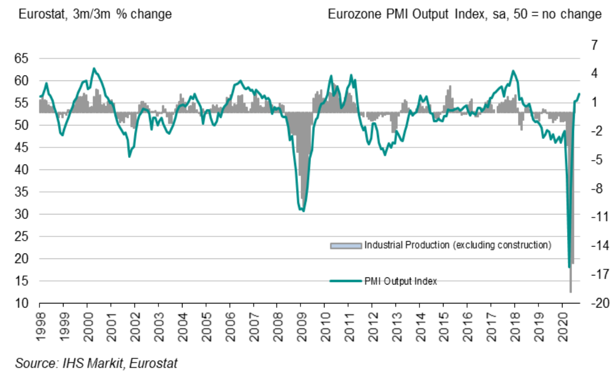
Countries ranked by Manufacturing PMI: September

Germany	56.4 (flash: 56.6)	26-month high
Italy	53.2	27-month high
Netherlands	52.5	7-month high
Austria	51.7	2-month high
France	51.2 (flash: 50.9)	2-month high
Spain	50.8	2-month high
Greece	50.0	7-month high
Ireland	50.0	4-month low

IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.



Source: IHS Markit, Eurostat

The IHS Markit Eurozone Manufacturing PMI® signalled an acceleration in growth of the manufacturing economy during September. After accounting for seasonal factors, the index posted 53.7, unchanged on the earlier flash reading and up from 51.7 in the previous month. Moreover, September marked the strongest growth in over two years and improved operating conditions have now been signalled for three months in a row.

All three market groups recorded a monthly improvement in operating conditions during September. Solid gains were seen in both the consumer and intermediate goods categories, but both lagged investment goods where growth was the strongest for over two years.

Germany led the upswing in regional manufacturing activity, with the respective PMI here hitting its highest level for 26 months. The Italian manufacturing sector also performed well, with growth also the strongest for over two years.

A solid improvement in operating conditions was seen in the Netherlands, whilst modest growth was registered in France and Austria. In contrast, Spain posted only a slight expansion while Greece saw no change and Ireland's manufacturing recovery stalled.

Overall, manufacturing output and new orders received by euro area goods producers increased at considerable and accelerated rates during September. Growth rates in each instance were the strongest in over two-and-a-half years, although gains were principally centred on Germany.

A noticeable feature of the upturn in manufacturing new orders was the relative resurgence of export trade, with latest data showing a third successive month of growth and the sharpest gain since February 2018.

Strong gains in new work placed some pressure on firms, as evidenced by a solid rise in backlogs of work during September. Growth in work outstanding was the sharpest for nearly two-and-a-half years, although this failed to prevent further job losses as manufacturers sought productivity gains and control over costs given the uncertain near-term outlook. That said, the drop in employment was the weakest since February and noticeably slower than in recent months.

Firms also utilised inventories wherever possible to meet swelling production and order book requirements. Stocks of purchases and finished goods both declined markedly, with the drop in warehouse inventories the sharpest since the start of 2010.

Ongoing delays in the delivery of inputs also encouraged higher degrees of stock utilisation. Average lead times deteriorated for an eighth successive month and to the greatest degree since May. A rise in purchasing activity amongst eurozone manufacturers, the first recorded for 22 months, added to pressure on vendors.

Meanwhile, there was little change in prices during September. Input costs were marginally higher overall, albeit with some divergence in trends across the region. For instance, Germany saw a noticeable fall in prices, but Ireland registered a marked rise.

Meanwhile a slight fall during September ensured that output charges overall declined for a fifteenth successive month. Competitive pressures and a still-fragile demand environment weighed on pricing power.

Finally, confidence about the future improved during September to reach its highest level since April 2018. Italian manufacturers were the most confident, followed by German and Dutch goods producers.

** Includes intra-eurozone trade.*

Comment

Commenting on the final Manufacturing PMI data, Chris Williamson, Chief Business Economist at IHS Markit said:

“The eurozone’s manufacturing recovery gained further momentum in September, rounding off the largest quarterly rise in production since the opening months of 2018. Order book growth and exports also accelerated, indicating a welcome strengthening of demand. Job losses consequently eased as firms grew more upbeat about prospects for the year ahead, with optimism returning to the highs seen before the trade war escalation in early 2018.

“The recovery would have been far more modest without Germany, however, where output has surged especially sharply to account for around half of the region’s overall expansion in September. Germany’s performance contrasted markedly with modest production growth in Spain, slowdowns in Italy and Austria, plus a particularly worrying return to contraction in Ireland. Excluding Germany, output growth would have weakened to the lowest since June.

“Divergent export performance explains much of the difference between national production trends, with Germany the stand-out leader in terms of growth in September, led by a strengthening of demand for investment goods such as plant and machinery.

“Encouragingly, optimism about the future rose not only in Germany but also in France, Italy, Spain and Austria, hinting that the upturn could broaden out in coming months. Without a more broad-based recovery, the sustainability of the upturn looks at risk, with additional worries fuelled by rising Covid-19 infection rates.”

Ends-

News Release

For further information, please contact:

Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@ihsmarkit.com

Paul Smith, Economics Director
Telephone +44-1491-461-038
Email paul.smith@ihsmarkit.com

Katherine Smith, Public Relations
Telephone +1 (781) 301-9311
Email katherine.smith@ihsmarkit.com

Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The September 2020 flash was based on 85% of the replies used in the final data.

The average differences between the flash and final *PMI* index values (final minus flash) since comparisons were first available in January 2006 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Eurozone Manufacturing *PMI*	0.0	0.1

The *Purchasing Managers' Index* (*PMI*) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI* surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

IHS Markit do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and revised data are available to subscribers from IHS Markit. Please contact economics@ihsmarkit.com.

About IHS Markit (www.ihsmarkit.com)
IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

About PMI
Purchasing Managers' Index® (*PMI*®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely-watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to https://ihsmarkit.com/products/pmi.html.