

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 4th March 2020

IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

Eurozone growth reaches six-month high in February

Key findings:

- Final Eurozone Composite Output Index: **51.6** (Flash: 51.6, January Final: 51.3)
- Final Eurozone Services Business Activity Index: **52.6** (Flash: 52.8, January Final: 52.5)

Data collected February 12-25

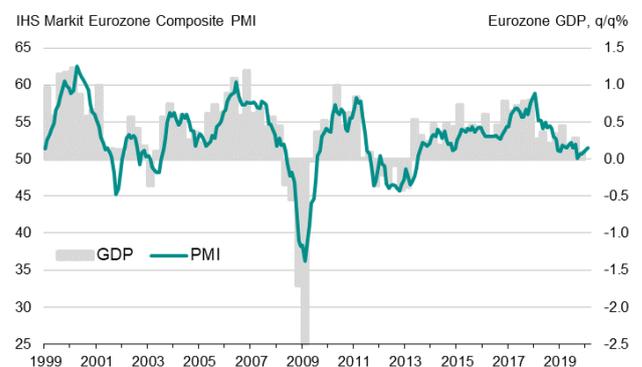
The **IHS Markit Eurozone PMI® Composite Output Index** was unchanged on the earlier flash reading in February, recording a level of 51.6. That was an improvement on January's 51.3 and signalled the strongest expansion of the euro area's private sector economy in six months.

Slightly stronger growth was supported by a solid and firmer gain in service sector activity, alongside a weaker contraction of manufacturing production. Although goods producers recorded a fall in output for a thirteenth successive month, the degree to which production fell was the weakest since May 2019.

At the country level, all nations saw some expansion during the month with Ireland comfortably recording the strongest growth. Growth rates remained solid in France and Spain, with both registering better performances than in January. In contrast, ongoing weakness in manufacturing sectors meant that only marginal gains in overall activity were seen in Germany and Italy.

Levels of new business received by euro area private sector companies increased for a third month in succession. Growth, however, remained modest, undermined by an ongoing contraction in exports. Indeed, latest data showed a seventeenth successive monthly fall in new work from abroad.

IHS Markit Eurozone Composite PMI



Sources: IHS Markit, Eurostat.

Countries ranked by Composite PMI*:

Ireland	56.7	17-month high
France	52.0 (flash: 51.9)	2-month high
Spain	51.8	2-month high
Germany	50.7 (flash: 51.1)	2-month low
Italy	50.7	4-month high

* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release.

In line with the trend since November 2014, staffing levels continued to rise. However, the latest rate of growth was modest, and unchanged since the previous month. Moreover, whilst gains in employment were seen across the region, rates of growth varied, ranging from a negligible rise in Germany to marked gains in France.

With capacity increasing, firms were able to successfully keep on top of their workloads, as evidenced by a twelfth successive monthly fall in backlogs of work outstanding.

Meanwhile, prices data indicated another solid rise of average input costs. Inflation was again mainly driven by rising employment expenses in the services economy as manufacturers registered another reduction in their input costs.

Firms did, however, struggle to pass on increased prices to their clients. Although output charges continued to rise, they again did so only modestly.

Business confidence regarding future activity was a little lower than January's 16-month high during February. There were reports from across the region of worries over the impact on business from an escalation of the Covid-19 outbreak. German companies remained the least optimistic, whilst those in Ireland were the most confident.

Services

The **IHS Markit Eurozone PMI® Services Business Activity Index** improved to 52.6 during February, up from 52.5 in the previous month. Growth has now been registered for over six-and-a-half years, although the latest expansion remained slower than the average for this period. Similar rates of expansion were seen across the region, with the exception of Ireland where activity rose at a considerable pace that was the sharpest for over two years.

Incoming new business increased solidly in February, with the rate of growth little-changed for a third month running. However, gains in new work were driven by domestic demand as export sales declined at the greatest rate for five months.

Service providers continued to take on additional staff during February, although the rate of growth slipped since the previous month. The extra capacity nonetheless helped firms to keep on top of their workloads, with the latest data showing little change in work outstanding.

On the price front, input cost inflation eased since January though continued to noticeably outstrip that of output charges, which increased modestly during February.

Finally, business confidence was stable, easing only slightly on January's nine-month peak.

Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

"The eurozone economy showed resilience to disruptions arising from the coronavirus outbreak in February, but dig deeper into the data and there are signs that problems lie ahead.

"The overall rate of expansion picked up slightly, largely on the back of rising domestic demand fuelling increased service sector activity, accompanied by signs of the manufacturing downturn easing. However, exports of both goods and services are now falling at an increased rate due to virus-related downturns in demand, and increasingly widespread delivery delays threaten future production. In the service sector, growing numbers of companies are reporting lost business due to the virus spread, notably in sectors such as hotels, travel, transport and tourism but also even in areas such as financial services.

"Growth of both output and demand consequently remains weak, and caution in relation to hiring means jobs growth likewise remained among the lowest recorded over the past five years. Business expectations have also dropped lower, largely in response to the growing virus threat.

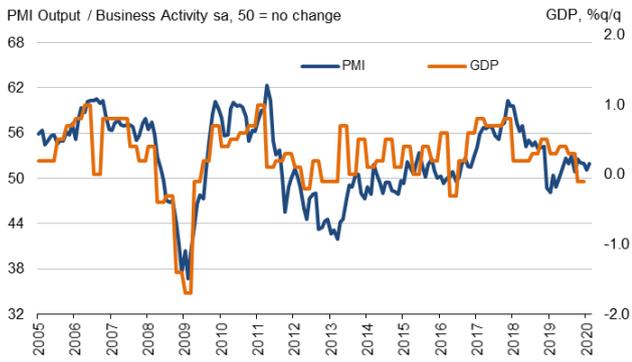
"While the PMI data so far for the first quarter are signalling a 0.1-0.2% increase in GDP, there are clear downside risks and a likely weakening of the economy in March."

-Ends-

** [Click here](#) for further details of using the PMI to measure GDP in advance.

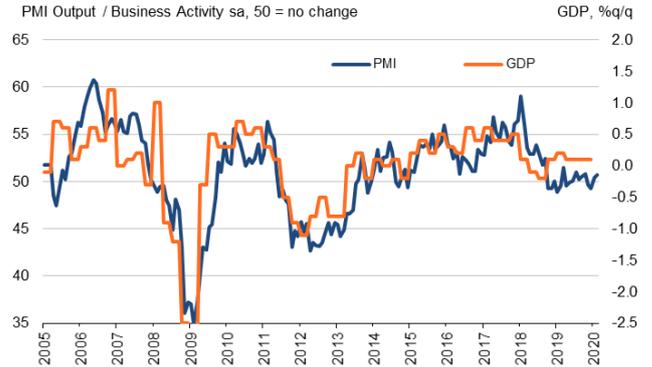
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

France



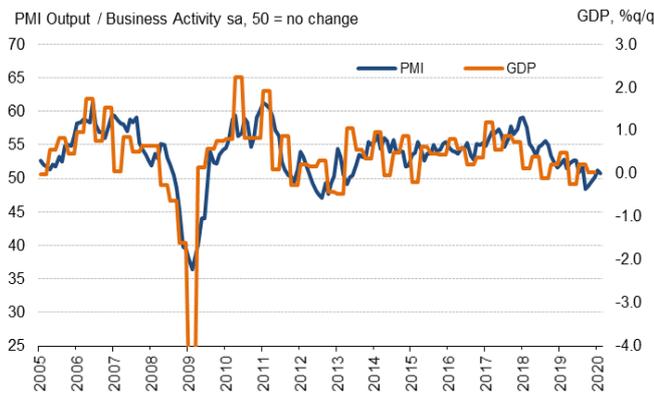
Source: IHS Markit, INSEE GDP = gross domestic product

Italy



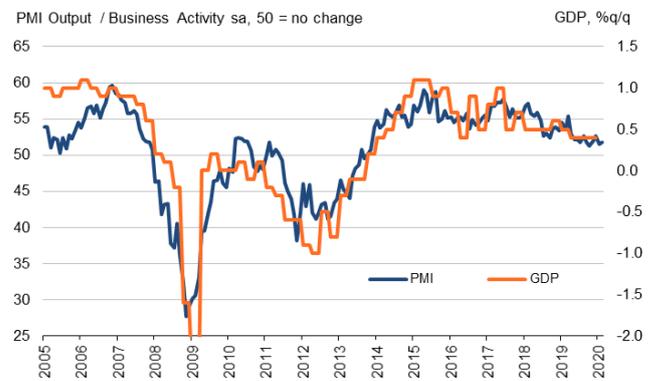
Source: IHS Markit, ISTAT GDP = gross domestic product

Germany



Source: IHS Markit, FSO. GDP = gross domestic product

Spain



Source: IHS Markit, INE. GDP = gross domestic product

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 Composite *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. National manufacturing data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. National services data are included for Germany, France, Italy, Spain and the Republic of Ireland.

The Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 78% of eurozone private sector services output.

The final Eurozone Composite *PMI* and Services *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The February composite flash was based on 88% of the replies used in the final data. The February services flash was based on 79% of the replies used in the final data. **Data were collected 12-25 February.**

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 Composite Output <i>PMI</i>	0.0	0.2
Eurozone Services Business Activity <i>PMI</i>	0.0	0.3

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 subsequently 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.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2020 IHS Markit Ltd. All rights reserved.

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>.

The intellectual property rights to the Eurozone Composite and Services *PMI*[®] provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*[®] and *PMI*[®] are either registered trademarks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email katherine.smith@ihsmarkit.com. To read our privacy policy, [click here](#).