

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 3<sup>rd</sup> February 2020**

## IHS Markit Eurozone Manufacturing PMI<sup>®</sup> – final data

### Manufacturing sector contracts, but at slowest rate since April 2019

#### Key findings:

- Final Eurozone Manufacturing PMI at 47.9 in January (Flash: 47.8, December Final: 46.3)
- Slower falls in output, new orders and purchasing recorded
- Business confidence improves during January to highest level in 16 months

Data collected January 13-24

#### Countries ranked by Manufacturing PMI: January

Greece	54.4	5-month high
Ireland	51.4	9-month high
France	51.1 (flash: 51.0)	2-month high
Netherlands	49.9	3-month high
Austria	49.2	9-month high
Italy	48.9	8-month high
Spain	48.5	5-month high
Germany	45.3 (flash: 45.2)	11-month high

#### IHS Markit Eurozone Manufacturing PMI

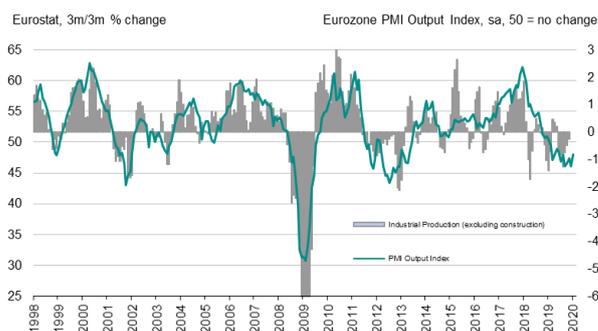
Eurozone Manufacturing PMI, sa, 50 = no change



Source: IHS Markit.

Operating conditions in the euro area manufacturing economy continued to weaken at the start of the year, but at a noticeably slower rate. After accounting for seasonal factors, the IHS Markit Eurozone Manufacturing PMI<sup>®</sup> registered 47.9, slightly better than the earlier flash reading and above December's 46.3. Although the index has now recorded below the crucial 50.0 no-change mark for 12 months in succession, the latest reading was the highest since April 2019.

Market groups data signalled that the consumer goods category remained the strongest-performing during January, registering marginal growth for a second successive month. In contrast, the intermediate and investment goods sectors both continued to contract, although rates of decline weakened in each instance.



There was a broad-based rise in national PMI figures during January, with all eight countries covered recording higher readings compared to December.

Greece was the strongest-performing, with growth reaching a five-month high. Ireland and France were the other two nations to record expansion, with rates of growth modest in each case.

Germany was again the weakest-performing country, despite its respective PMI reaching an 11-month high. Modest deteriorations in operating conditions were seen in Italy and Spain, whilst Austria and the Netherlands saw marginal deteriorations.

Euro area manufacturing production and new order levels both continued to decline at the start of 2020, although in each case at weaker rates than at the end of 2019. The modest reduction in output extended the current downturn to 12 months, whilst new orders have deteriorated continuously since October 2018.

The rate of decline in new work was, however, the slowest for over a year, helped in part by only a marginal reduction in new export sales.

January data again provided evidence of spare capacity in the manufacturing economy with backlogs of work cut for a seventeenth successive month, albeit to the weakest degree since February 2019.

Job losses were also registered for the ninth month in a row and, whilst not declining to the same degree as December's near seven-year record, the rate at which employment fell remained marked. Germany again led the way in terms of job shedding, followed by Spain where employment declined to the greatest degree for over six years.

Eurozone manufacturers also continued to make cuts to their purchasing activity, although in line with trends for output and new orders, the fall in purchasing activity was the weakest in 11 months. Companies continued to signal a preference for utilising inventories wherever possible, with the rate of destocking in finished goods the sharpest in nearly three-and-a-half years.

Average lead times continued to improve meanwhile, shortening for an eleventh successive month, and ongoing supply-side slack weighed on input prices. Latest data showed that input costs fell for an eighth month in succession and afforded manufacturers further room to cut their own charges. January's survey signalled another fall in output prices, maintaining a trend that has been evident since last July.

Looking ahead to the next 12 months, confidence about the future jumped at the start of 2020 to its highest level since August 2018. The improvement in sentiment was also broad-based, with optimism led by Greece, Ireland and the Netherlands. Optimism remained lowest in Austria and Germany despite reaching 16- and 17-month highs respectively.

\* Includes intra-eurozone trade.

## Comment

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

*“Eurozone manufacturing started 2020 with green shoots of recovery in sight. Most encouragingly, order books moved closer towards stabilisation, falling to the smallest extent since late 2018. With the survey indicating the steepest fall in warehouse stocks since September 2016, the new orders-to-inventory ratio, a key forward-looking indicator for factory production, surged to its highest for nearly one-and-a-half years.*

*“Expectations for output growth also leaped to the highest since August 2018 amid a broad-based improvement of sentiment across the region, with an especially important upturn in confidence seen in Germany.*

*“The improvement adds to our view that the eurozone economy could see growth strengthen in the coming months, meaning the ECB will hold off with any policy changes and instead focus on its strategic review. However, key risks which could alter the brightening outlook include the threat of US tariffs and trade war escalation, Brexit-related disruptions to trade as well as uncertainty surrounding the impact of the Wuhan coronavirus.”*

-Ends-

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**Note to Editors:**

The Eurozone Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by IHS<sup>®</sup> 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 January 2020 flash was based on 93% 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 <i>PMI</i>	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](mailto:economics@ihsmarkit.com).

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