

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Eurozone Manufacturing PMI® – final data

### PMI little-changed at seven-year low in October

#### Key findings:

- Final Eurozone Manufacturing PMI at 45.9 in October (Flash: 45.7, September Final: 45.7)
- Sustained weakness in output, new orders and purchasing signalled
- Job shedding accelerates to sharpest since start of 2013

Data collected October 11-24

#### Countries ranked by Manufacturing PMI: October

|             |                    |              |
|-------------|--------------------|--------------|
| Greece      | 53.5               | 4-month low  |
| France      | 50.7 (flash: 50.5) | 2-month high |
| Ireland     | 50.7               | 6-month high |
| Netherlands | 50.3               | 76-month low |
| Italy       | 47.7               | 7-month low  |
| Spain       | 46.8               | 78-month low |
| Austria     | 45.5               | 2-month high |
| Germany     | 42.1 (flash: 41.9) | 2-month high |

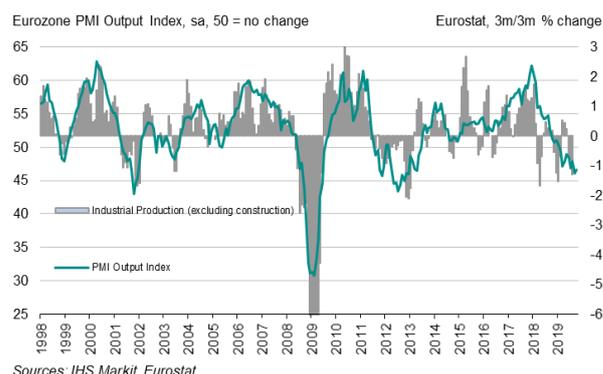
#### IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.

The euro area manufacturing sector continued to contract during October, according to the latest PMI® data from IHS Markit. After accounting for usual seasonal influences, the IHS Markit Eurozone Manufacturing PMI recorded 45.9 in October. Although up from September's 45.7 and the earlier flash reading, the index remained well below the 50.0 no-change mark to indicate a rate of contraction that was the second-sharpest in the past seven years.

All three market groups covered by the survey once again recorded a deterioration in operating conditions on the previous month. Investment goods and intermediate goods producers both registered marked contractions, compared to consumer goods where the rate of deterioration remained marginal.



Germany remained the principal source of manufacturing weakness in the region, despite experiencing a slight improvement in its respective PMI. Austria also registered another month of sharply deteriorating operating conditions, whilst Spain saw its manufacturing PMI fall to a six-and-a-half year low.

Italy also recorded a sub-50.0 PMI reading, whilst the Netherlands, Ireland and France barely expanded. Greece was again the top performer, although growth here was the weakest in the past four months.

Sharply falling volumes of incoming new orders remained a key depressor of overall operating conditions during October. Whilst not as severe as September's near seven-year record, the drop in new orders remained notable and extended the current period of contraction to over a year.

Demand weakness was apparent across domestic and international markets. Export orders\* fell during October to a considerable degree, again led by sharp reductions in Austria and Germany.

Against the backdrop of deteriorating order books, euro area manufacturers made further cuts to both their output and purchasing activity in October. Whilst rates of decline eased since September, they nonetheless remained historically marked.

Firms also made notable inroads into their backlogs of work to extend the current period of contraction to 14 months. With evidence of continued spare capacity in the sector, job cuts were registered for a sixth month in a row. Moreover, the degree of job shedding was the sharpest recorded by the survey since the start of 2013. Employment fell to the greatest degree in Germany, where the rate of job shedding was the sharpest in nearly a decade.

There was a renewed effort amongst manufacturers in October to reduce their stock holdings. Input inventories were lowered to the greatest degree since March 2013, whilst finished goods inventories deteriorated to the greatest degree for over three years.

On the price front, average input costs fell the most since March 2016 during October. Commodities such as copper and steel, plus plastics, were amongst the inputs reported to be down in price. Manufacturers responded by making downward adjustments to their own charges for a fourth month in a row.

Finally, economic and political uncertainties (such as Brexit and US trade policy) continued to weigh on sentiment during October. Although expectations were at their highest for three months, confidence remained historically low.

\* Includes intra-eurozone trade.

## Comment

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

*“Eurozone manufacturing remained stuck in its steepest decline for seven years in October, meaning the goods producing sector is on course to act as a severe drag on GDP again in the fourth quarter. The survey data are consistent with industrial production falling at a quarterly rate in excess of 1%.*

*“Geopolitical concerns, ranging from Brexit to US trade policy, continue to create uncertainty, further dampening demand both at home and in export markets.*

*“The focus of manufacturers remains on cost cutting, reducing inventories and investment spending while also lowering payroll numbers at an increased rate. The steeper pace of job losses is especially worrying, as it magnifies the risk of the downturn spilling over into the household sector.*

*“Producer prices, meanwhile, fell at a rate little changed on September’s three-and-a-half year record as weak demand prompted companies to offer discounts, which is likely to feed through to lower inflation in the coming months.*

*“The severity of the downturn, alongside poor trends in employment and prices is especially disappointing given the ECB’s recent stimulus measures, underscoring how new ECB head Christine Lagarde is taking over the reins at a particularly difficult juncture for the eurozone economy.”*

-Ends-

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## Note to Editors:

The Eurozone Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) 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 October 2019 flash was based on 94% 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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*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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>.

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