

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) March 1st 2019

IHS Markit Eurozone Manufacturing PMI[®] – final data

Eurozone manufacturing sector contracts in February

Key findings:

- Final Eurozone Manufacturing PMI at 49.3 in February (Flash: 49.2, January Final: 50.5)
- Concurrent declines in output and new orders seen during February
- Prices pressures continue to soften

Data collected February 12-21

IHS Markit Eurozone Manufacturing PMI

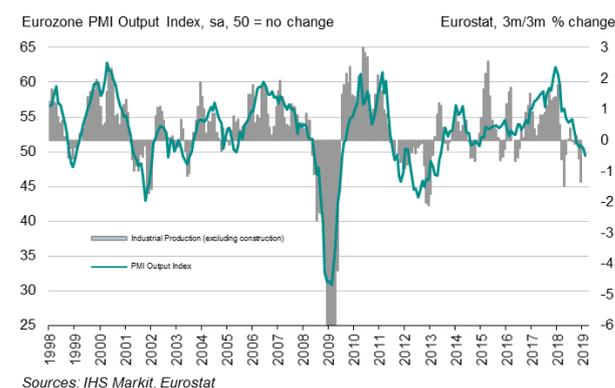


There was a deterioration in eurozone manufacturing operating conditions during February as signalled by the IHS Markit Eurozone Manufacturing PMI[®] slipping below 50.0 for the first time since June 2013. After accounting for seasonality, the PMI recorded 49.3, down from 50.5 in January. Although slight, the contraction signalled in February ended a run of growth in the manufacturing economy that had stretched to over five-and-a-half years.

By market group, weakness was again most apparent in the intermediate and investment goods sectors. Both recorded deteriorations in operating conditions compared to the previous month. In contrast, consumer goods continued to expand, albeit at a modest pace that was the weakest seen since July 2016.

Countries ranked by Manufacturing PMI: February

Greece	54.2	9-month high
Ireland	54.0	2-month high
Netherlands	52.7	32-month low
Austria	51.8	37-month low
France	51.5 (flash: 51.4)	5-month high
Spain	49.9	63-month low
Italy	47.7	69-month low
Germany	47.6 (flash: 47.6)	74-month low



By country, the weakest performers were Germany and Italy. The PMI for Germany slipped further below the 50.0 no-change mark to record a 74-month low in February, whilst Italy saw its manufacturing PMI record its lowest level in nearly six years. Although marginal, Spain also saw a deterioration in operating conditions for the first time since November 2013.

Meanwhile, growth improved slightly in France, but remained historically weak, whilst there were deteriorations in growth seen in Austria and the Netherlands. Greece and Ireland bucked the general trend by recording stronger PMI readings in February.

Manufacturing output in the eurozone slipped into negative territory for the first time in over five-and-a-half years during February. Output was undermined by the sharpest fall in new work received since April

2013. A challenging international climate, characterised by political and trade uncertainties, meant that export orders* fell a fifth successive month and to the greatest degree for over six years.

Despite the marginal fall in output, evidence of spare capacity in the manufacturing economy continued to build. Backlogs of work declined for a sixth successive month and to the greatest degree since April 2013. Inventories of finished goods were also higher for a fifth successive month, albeit only slightly and to a considerably lesser degree than the survey record seen at the start of the year.

Although production, new orders and backlogs all continued to fall, manufacturers continued to take on workers at a solid pace during February. Employment growth has now been sustained in each month since September 2014, with Germany recording the strongest growth followed by Greece and Ireland. In contrast, only marginal jobs gains were seen in Italy and Spain.

Meanwhile, input price pressures continued to weaken during February. Led by lower prices paid for oil-based products and reducing supply-side constraints (average lead times lengthened only marginally), input costs rose to the slowest degree in since October 2016. A similar trend was seen for output charges, which increased at the weakest rate since the end of 2016. By country, prices pressures were most acute in Ireland, in contrast to outright price declines seen in Spain.

Finally, the deepening downturn in new work, plus worries over domestic political and international trade developments, continued to weigh on expectations during the latest survey period. Overall business confidence dipped on January's four-month high and was amongst the weakest seen in the past six years.

* Includes intra-eurozone trade.

Comment

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

“Euro area manufacturing is in its deepest downturn for almost six years, with forward-looking indicators suggesting risks are tilted further to the downside as we move into spring.

“Most worrying is the downward trend in new orders. Orders are falling at a faster rate than output to a degree not seen for seven years, meaning production is likely to be pared back further in coming months unless demand revives. The new orders to inventory ratio has also fallen to its lowest since 2012, with many companies reporting excess warehouse stocks.

“Spare capacity is consequently developing, which means companies are likely to take a more cautious approach to hiring and investment, and instead focus on cost control.

“The weakening demand environment has meanwhile been accompanied by a marked easing of inflationary pressures to the lowest since late-2016. Cost inflation has eased, but companies also report a lack of pricing power.

“The downturn is being led by Germany and Italy, but Spain has also now fallen into contraction and only modest expansions are being seen in France, Austria and the Netherlands.

“In addition to widespread trade war worries, often linked to US tariffs, and concerns regarding the outlook for the global economy, companies report that heightened political uncertainty, including Brexit, is hitting demand and driving increased risk aversion.”

-Ends-

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

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@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 February 2019 flash was based on 92% 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.

About IHS Markit (www.ihsmarkit.com)

IHS Markit (Nasdaq: 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 © 2019 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 Manufacturing *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 trade marks 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 joanna.vickers@ihsmarkit.com. To read our privacy policy, [click here](#).