

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

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Downturn in services drives fall in private sector output

**Key findings:**

- Final Eurozone Composite Output Index: **45.3** (Flash: 45.1, October Final: 50.0)
- Final Eurozone Services Business Activity Index: **41.7** (Flash: 41.3, October Final: 46.9)

Data collected 12-25 November

Driven by sharply reduced services activity, the eurozone’s private sector economy returned to contraction during November for the first time in five months. This was signalled by the **IHS Markit Eurozone PMI® Composite Output Index** which recorded a level of 45.3, down from October’s 50.0 but slightly better than the earlier flash reading.

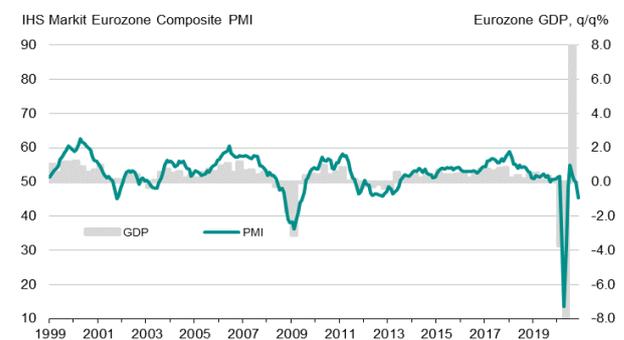
The headline figure was driven lower by a downturn in service sector activity which fell to the greatest degree since May. In contrast, manufacturing output growth was sustained for the fifth month in a row, albeit at the slowest pace since July.

Regional manufacturing gains were principally driven by Germany, which was subsequently the only nation to record an increase in overall private sector output during November. That said, growth was still the weakest in five months.

All other nations covered by the survey recorded a decline in activity. France, Italy and Spain all registered sharp contractions that were each the greatest recorded since the severe declines seen in May. Meanwhile, Ireland saw activity decline comparatively modestly.

The downturn in private sector output was closely linked to restrictions on activity related to continued efforts to stem the spread of global coronavirus disease 2019 (COVID-19). With mobility and social contact restricted, new business volumes inevitably fell in November.

#### IHS Markit Eurozone Composite PMI



Sources: IHS Markit, Eurostat.

#### Countries ranked by Composite PMI\*:

Germany	51.7 (flash: 52.0)	5-month low
Ireland	47.7	2-month low
Italy	42.7	6-month low
Spain	41.7	6-month low
France	40.6 (flash: 39.9)	6-month low

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

The overall fall in new work was the greatest recorded by the survey since May, with notable weakness in sectors such as hospitality and tourism. There were also a decline in new export business, albeit only marginally, for the first time in three months.

The lack of incoming new work enabled companies to again keep on top of their backlogs of work, which fell in November for a twenty-first successive month, and to the greatest degree since June.

Employment fell for the ninth month running, albeit at the weakest rate in this sequence with modest declines in both manufacturing and services. Job losses were most notable in Italy and Spain, while staffing rose slightly in Germany. There was little change in Ireland, whilst a modest reduction in jobs was seen in France.

Meanwhile, input prices increased for a sixth successive month during November. The rate of inflation was solid, albeit a little lower than in the previous survey period. In contrast, output charges declined again, extending the current period of deflation to nine months.

Finally, looking ahead to the next 12 months, confidence about the future improved noticeably as firms were encouraged by recent COVID-19 vaccine developments. Optimism did, however, remain well below its long-term trend.

## Services

The IHS Markit Eurozone **PMI® Services Business Activity Index** fell sharply during November, declining to a level of 41.7 from 46.9 during October. Posting below the 50.0 no-change mark for a third successive month, the index signalled the sharpest contraction in services activity since May.

Led by France, Italy and Spain, all five countries covered by the survey recorded declines in activity as local restrictions designed to curb COVID-19 weighed on business activity.

Overall volumes of incoming new work fell for a fourth successive month, and also to the sharpest degree since May. Both domestic and external demand sources declined, with new export business again declining to a considerable degree.

Maintaining the trend recorded by the survey since March, job losses in the services economy were also recorded during November, albeit modestly and at a rate amongst the lowest in the current sequence. All nations recorded a decline in staffing levels with the exception of Germany, where growth in employment hit its highest since February.

Price pressures in the services economy remained mild during November, with only a modest increase in input costs recorded. Charges were again cut, with services providers responding to the challenging business environment by offering discounts.

Sentiment about the future improved during November, with confidence improving in all five nations monitored. Spanish service providers were the most optimistic about the future.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*“The eurozone economy slipped back into a downturn in November as governments stepped up the fight against COVID-19, with business activity hit once again by new restrictions to fight off second waves of virus infections.*

*“However, this is a decline of far smaller magnitude than seen in the spring. Unlike earlier in the year, manufacturing has so far continued to expand, buoyed in part by recovering export demand, and the service sector is also seeing a much shallower downturn than during the first lockdowns.*

*“The relative resilience of services in part reflects spill-over demand from the manufacturing sector for transport and other industrial support services, but also reflects the looser lockdown measures compared to those seen earlier in the year.*

*“The fourth quarter will nevertheless likely see the eurozone economy take another major step backwards, with especially steep downturns suffered in France, Spain and Italy.*

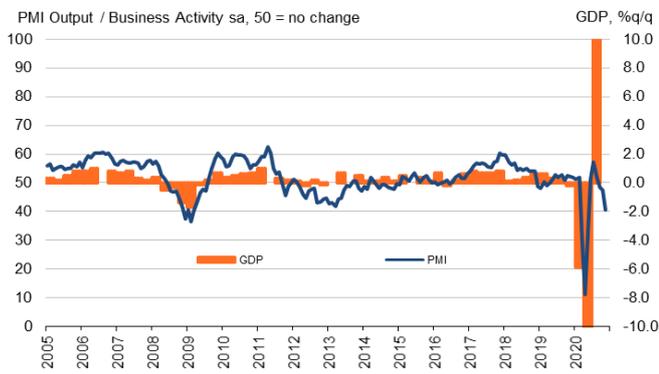
*“Encouragingly, growth expectations have lifted higher, as vaccine developments fuel optimism that life can start to return to normal in 2021. It’s anticipated that business and consumer spending will start to rise as the outlook brightens, though a high degree of caution is expected to persist for some time to come.”*

-Ends-

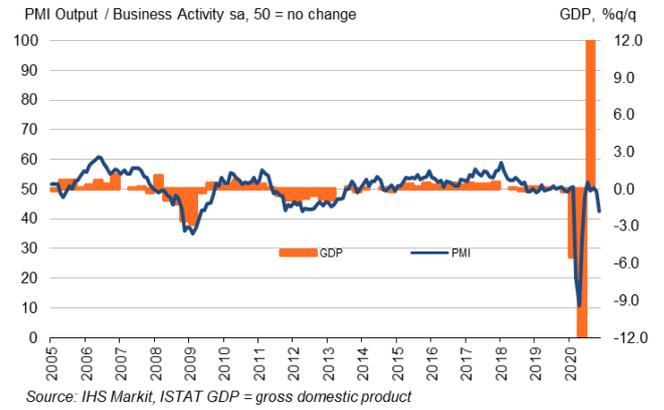
\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

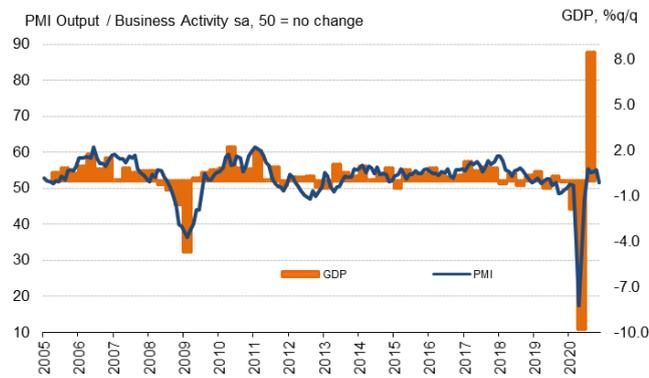
### France



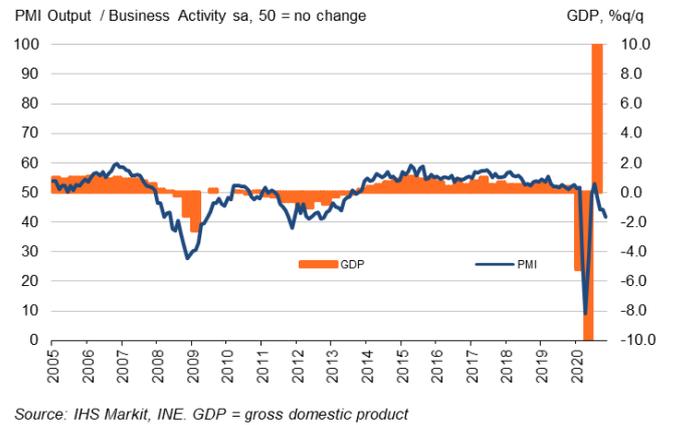
### Italy



### Germany



### Spain



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**Note to Editors:**

The Eurozone Composite *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 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 November composite flash was based on 88% of the replies used in the final data. The November services flash was based on 82% 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 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](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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