

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 1<sup>st</sup> April 2020**

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

### Eurozone manufacturing economy contracts sharply in March

#### Key findings:

- Final Eurozone Manufacturing PMI at 44.5 in March (Flash: 44.8, February Final: 49.2)
- COVID-19 related shutdowns drive output and orders lower
- Record deterioration in supplier delivery performance recorded

Data collected 12-24 March

#### IHS Markit Eurozone Manufacturing PMI

Eurozone Manufacturing PMI, sa, 50 = no change



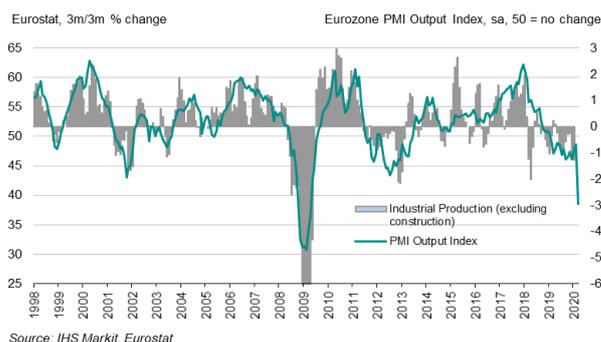
Source: IHS Markit.

The global coronavirus disease (COVID-19) led to a notable deterioration in euro area manufacturing sector operating conditions during March. Output, new orders and purchasing all fell sharply, whilst jobs were cut markedly, and supply-side constraints intensified at a record pace. Confidence about the future sank to a historical low.

After accounting for seasonal factors, the IHS Markit Eurozone Manufacturing PMI<sup>®</sup> registered below the 50.0 no-change mark for a fourteenth successive month and fell considerably from February's one-year high of 49.2 to 44.5 in March. That was below the earlier flash reading and the lowest reading for 92 months. Latest data indicated that all market groups registered a deterioration in operating conditions compared to the previous month, led by the investment goods category.

#### Countries ranked by Manufacturing PMI: March

Netherlands	50.5	2-month low
Austria	45.8	5-month low
Spain	45.7	83-month low
Germany	45.4 (flash: 45.7)	2-month low
Ireland	45.1	127-month low
France	43.2 (flash: 42.9)	86-month low
Greece	42.5	55-month low
Italy	40.3	131-month low



Source: IHS Markit, Eurostat

All country level PMIs were lower compared to the previous month. Italy saw the sharpest deterioration in operating conditions, with the respective PMI the lowest in nearly 11 years. Having consistently recorded the best growth in recent months, Greece was the second-worst performer during March.

Elsewhere, France, Ireland and Spain all saw multi-year low readings for their PMIs. Only the Netherlands recorded a PMI above the 50.0 no-change level in March, though growth here was marginal.

At the aggregate level, the deterioration in manufacturing output was the greatest since April 2009. Output fell sharply in line with a similar fall in manufacturing new orders, which also deteriorated to a degree unsurpassed for just under 11 years. Export trade\* fell sharply and at the sharpest rate since March 2009. Latest data marked an eighteenth successive month in which export sales have fallen.

France, Germany and Greece recorded the sharpest falls in new export work.

Manufacturers continued to face significant obstacles in securing supplies during March, both from within and outside of European markets. The latest survey showed that average lead times deteriorated to the greatest degree in nearly 23 years of data collection, with firms across all nations indicating considerable delays to their input delivery.

Worsening delivery performance occurred despite firms registering a marked reduction in their purchasing activity. A sixteenth successive monthly fall in purchasing activity was recorded in March with the rate of contraction signalled by the survey the greatest recorded since mid-2012.

Efforts to increase working capital, and in response to dwindling demand and production requirements, encouraged firms to reduce their holdings of both inputs and finished goods in March.

Manufacturers also cut their employment levels over the month, with the net reduction in staffing numbers the sharpest recorded by the survey in over a decade. Job losses were especially acute in Austria, Germany and Ireland.

Reduced prices for several raw materials and semi-manufactured goods, plus lower oil-related prices, led to a marked fall in input costs during March. The current period of deflation now extends to ten months, with the latest fall in prices the sharpest since last November. Output charges also fell and to the greatest degree recorded by the survey for four years.

Finally, confidence regarding the outlook became increasingly gloomy during March, reflective of worries over the short- and long-term impacts of the COVID-19 pandemic on global economic activity. Sentiment fell to the greatest month-on-month degree in the series history (which began July 2012) and was also the lowest recorded by the survey to date.

\* Includes intra-eurozone trade.

## Comment

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

*“Even the slide in the PMI to a seven-and-a-half-year low masks the severity of the slump in manufacturing as it includes a measure of supply chain delays, which boosted the index. Supply delays are normally seen as a sign of rising demand, but at the moment near-record delays are an indication of global supply chains being decimated by factory closures around the world.*”

*“We need to look at the survey’s output and new orders gauges to get a better understanding of the scale of the likely hit to the economy that will come from the manufacturing sector’s collapse, and these indices hint at production falling at the sharpest rate since 2009, dropping an annualised rate approaching double digits.*”

*“The concern is that we are still some way off peak-decline for manufacturing. Besides the hit to output from many factories simply closing their doors, the coming weeks will likely see both business and consumer spending on goods decline markedly as measures to contain the coronavirus result in dramatically reduced orders at those factories still operating. Company closures, lockdowns and rising unemployment are likely to have an unprecedented impact on expenditure around the world, crushing demand for a wide array of products. Exceptions will be food manufacturing and pharmaceuticals, but elsewhere large swathes of manufacturing could see downturns of the likes not seen before”*

-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 March 2020 flash was based on 91% 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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