News Release

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

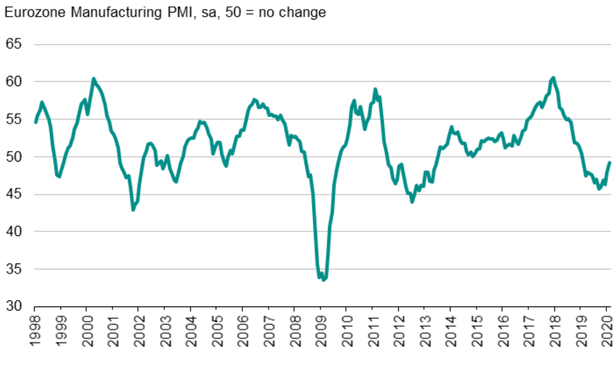
PMI rises to one-year high, but supply-side constraints emerge

Key findings:

- Final Eurozone Manufacturing PMI at 49.2 in February (Flash: 49.1, January Final: 47.9)
- Output and new orders decline at slower rates in February
- Average lead times lengthen markedly as firms utilise inventories

Data collected February 12-21

IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.

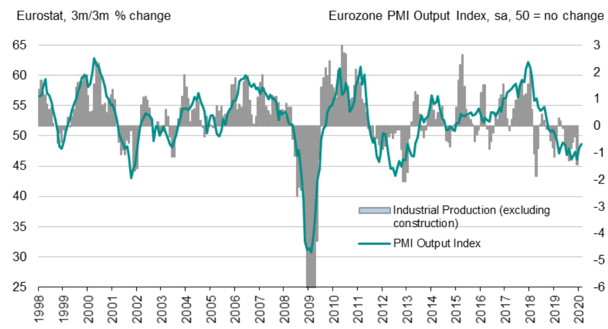
Operating conditions in the eurozone's manufacturing sector continued to worsen during February, but only marginally and at the weakest rate for the past year. The IHS Markit Eurozone Manufacturing PMI®, which is adjusted for seasonal factors, recorded 49.2 in February, up from January's 47.9 and slightly above the earlier flash reading.

Although the PMI has now recorded below the 50.0 no-change mark for 13 months in succession, February's reading marked not only a one-year high, but also a second successive monthly rise in the index.

Latest data indicated that two market groups registered a deterioration in operating conditions in February. Investment goods producers registered the weakest performance, followed by intermediate. Consumer goods registered modest growth.

Countries ranked by Manufacturing PMI: February

Greece	56.2	10-month high
Netherlands	52.9	13-month high
Ireland	51.2	2-month low
Spain	50.4	10-month high
Austria	50.2	12-month high
France	49.8 (flash: 49.7)	7-month low
Italy	48.7	2-month low
Germany	48.0 (flash: 47.8)	13-month high



Source: IHS Markit, Eurostat

Country level PMIs were generally higher in February, although notably France saw its PMI sink to a seven-month low whilst there was also a further worsening of operating conditions in Italy. The biggest manufacturing economy, Germany, also saw another deterioration in performance, despite the respective PMI reaching its highest level in over a year.

In contrast, Greece saw growth accelerate to a marked pace, whilst a solid improvement was recorded in the Netherlands. Modest expansion was seen in Ireland, whilst marginal gains occurred in Austria and Spain.

Euro area wide manufacturing production and new orders both remained inside negative territory during February, although rates of contraction were the weakest in nine and 15 months respectively. In contrast, export trade fell at a sharper rate to extend the current run of continuous contraction to just under a year-and-a-half.

Supply-side constraints were in notable evidence during February as average lead times for the delivery of inputs lengthened appreciably and for the first time in a year. Manufacturers primarily linked the deterioration in vendor performance to the coronavirus-related factory shutdowns in China. All countries recorded a lengthening of lead times, with the Netherlands observing the greatest monthly deterioration.

With deliveries of inputs delayed, manufacturers continued to utilise their stocks of purchases to support production. Latest data indicated a thirteenth successive monthly fall in input inventory. There was also an accelerated reduction in stocks of finished goods over the month. Declining for an eighth month in succession, the fall of warehouse inventory was the greatest recorded for nearly three-and-a-half years.

Companies also pulled back on their buying activity. February's survey showed that the purchasing of inputs was cut for a fifteenth month in a row.

Deflationary pressures remained prevalent in February, with both input costs and output charges continuing to fall. Although the reduction in input prices was the weakest for eight months, the cut in output charges was the greatest for just under four years as firms grappled with underwhelming sales trends and competitive pressures.

On the jobs front, staff numbers were reduced for a tenth successive month. The rate of contraction was solid, albeit weaker than those seen around the turn of the year, as firms responded to reduced workloads by seeking to cut any excess capacity.

Finally, having reached a near one-and-a-half year high during January, business confidence was slightly lower in the latest survey period. With the exceptions of Austria and Greece, sentiment fell across the region. Confidence remained lowest in Germany, followed by France.

** Includes intra-eurozone trade.*

Comment

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

"Despite widespread reports from companies that the coronavirus outbreak disrupted supply chains and hit foreign sales, resulting in considerably longer lead times and a steepening drop in export orders, February saw encouraging signs that the eurozone's manufacturing downturn is easing. Production contracted at the slowest rate for nearly a year and, despite lost export sales, new orders fell at the weakest rate for 15 months amid signs of rising internal demand, notably from consumers.

"The concern is that coronavirus-related delays in shipments threaten to constrain production in the coming months, prolonging a downturn that already extends to over a year. Supply chains are lengthening to an extent not seen since 2018 and inventories are being depleted at a rate rarely seen over the past decade as companies struggle to produce enough to satisfy order books.

"Furthermore, while a return to work for many Chinese factories after the extended New Year holiday could help ease global supply constraints, any further spreading of the COVID-19 epidemic risks driving increased risk aversion and a reduction of spending by both businesses and consumers."

-Ends-

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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 2020 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 *PMI*	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.

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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.