

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 23 November 2020**

## IHS Markit Flash Eurozone PMI<sup>®</sup>

### Flash PMI signals steep downturn in November amid COVID-19 lockdowns

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 45.1 (50.0 in October). 6-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 41.3 (46.9 in October). 6-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 55.5 (58.4 in October). 4-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 53.6 (54.8 in October). 3-month low.

Data collected November 12-20

Eurozone business activity fell sharply in November as countries introduced more aggressive measures to counter rising coronavirus disease 2019 (COVID-19) infection rates.

The flash IHS Markit Eurozone Composite PMI<sup>®</sup> slumped from 50.0 in October to 45.1 in November, its lowest since May. With the exceptions of the declines seen in the first two quarters of this year, the average PMI reading of 47.6 in the fourth quarter so far is the lowest since the closing quarter of 2012 (during the region's debt crisis) and indicative of a steep decline in GDP.

The deteriorating performance was broad-based, albeit with the service sector hardest hit from virus containment measures. While manufacturing output growth merely slowed in November to the lowest since the start of the sector's recovery back in July, attributable to a marked slowing in order book growth, service sector output fell for a third month running, with the rate of decline accelerating sharply to the fastest since May.

Inflows of new orders rose in manufacturing at the slowest rate recorded over the past five months, while new business placed at service providers collapsed to an extent not seen since May. Hospitality, travel and consumer-facing companies

#### IHS Markit Eurozone PMI and GDP



Sources: IHS Markit, Eurostat.

reported especially weak demand due to additional measures implemented by various governments across the region amid second waves of virus infections.

Divergent trends were also seen across the region, with Germany again bucking the wider downturn.

At 39.9, the flash composite PMI for **France** fell from 47.5 to indicate a third successive monthly decline in business activity and the steepest drop since May, acting as a major drag on the region as a whole. A third, and accelerating, month of services decline was accompanied by a downturn in factory output for the first time since May.

**Germany**, in contrast, continued to expand, albeit with the flash composite PMI dropping from 55.0 to 52.0 to register the weakest expansion since the recovery began in July. Although manufacturing output growth eased, it remained among the highest seen over the survey's history. However, service sector activity fell for a second month running, contracting at the sharpest rate since May.

**Elsewhere**, business activity fell for a fourth month in succession, with the pace of decline running at the fastest since May 2009 barring the recent collapse seen between March and June. A near-

stalling of manufacturing output growth was exacerbated by an increasingly severe drop in services activity, pushing the flash composite PMI down from 47.2 to 42.4.

Employment meanwhile fell across the eurozone as a whole for a ninth consecutive month, with the rate of job losses holding steady on the post-pandemic low seen in October.

Job losses were seen across both manufacturing and services, though the former saw the rate of losses ease while services headcounts fell at an increased rate.

By country, employment rose in Germany for the first time since February, and France saw the lowest number of job losses since the pandemic struck. Job cuts deepened in the rest of the region as a whole, however, to the steepest since June.

The ongoing need to cut employment was again often blamed on the development of spare capacity, as reflected in a steep downturn in backlogs of uncompleted work. In the absence of new work inflows, existing orders were depleted to an extent not seen since June, albeit with growing backlogs in manufacturing (led by a steep rise in uncompleted orders in Germany) countered by an increased rate of depletion in services.

With demand having weakened, companies increasingly sought to boost sales via discounts, causing average selling prices for services to fall at an increased rate in November, though goods prices rose modestly, registering the largest increase since May 2019 due to higher input costs. Manufacturers reported the steepest rise in average input prices since January 2019, often linked to rising demand and widespread shortages for many key raw materials. Delivery times lengthened to the greatest extent since May.

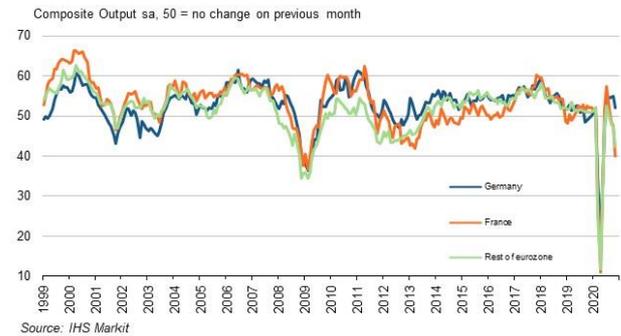
Looking ahead, business expectations about the coming 12 months recovered most of the slump seen in October to run at the second highest since February. Manufacturers were especially upbeat, with confidence rising to the strongest since March 2018, though service providers also grew more optimistic about the year ahead, commonly attributed to encouraging news of vaccine developments in recent weeks.

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*The flash estimate is typically based on approximately 85% of*

*the final number of replies received each month, covering all countries included in the final PMI readings. However, only national data for France and Germany are published.*

**Core v. Periphery PMI Output Indices**



**Core v. Periphery PMI Employment Indices**



**Comment**

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

*“The eurozone economy has plunged back into a severe decline in November amid renewed efforts to quash the rising tide of COVID-19 infections. The data add to the likelihood that the euro area will see GDP contract again in the fourth quarter.*

*“The service sector has once again been the hardest hit, especially consumer-facing and hospitality businesses, though weakened demand has also taken a toll on manufacturing.*

*“The factory sector nevertheless remains something of a bright spot, with factories in Germany continuing to show especially encouraging resilience, led by a further surge in demand.*

*“Firms across both manufacturing and services have also become more optimistic about the year ahead, largely reflecting growing hopes that the recent encouraging news on vaccines will allow life*

to return to normal in the new year.

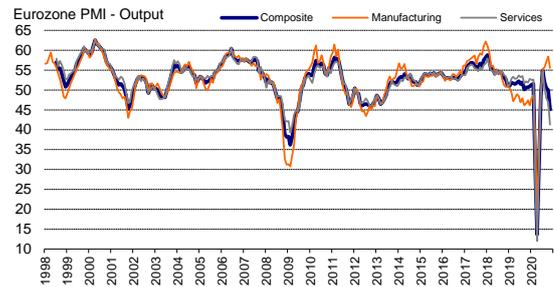
“Importantly, however, the further downturn of the economy signalled for the fourth quarter represents a major set-back to the region’s health and extends the recovery period. After a 7.4% contraction of GDP in 2020, we are expecting only a 3.7% expansion in 2021.”

-Ends-

## Summary of November data

<b>Output</b>	<b>Composite</b>	<b>Output falls for first time since June.</b>
	Services	Decline in activity accelerates.
	Manufacturing	Manufacturing production continues to rise markedly.
<b>New Orders</b>	<b>Composite</b>	<b>Steep contraction in new orders.</b>
	Services	Fastest drop in new work since May.
	Manufacturing	New order growth eases to five-month low.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Faster reduction in backlogs of work.</b>
	Services	Outstanding business falls sharply.
	Manufacturing	Work-in-hand rises for fourth successive month.
<b>Employment</b>	<b>Composite</b>	<b>Rate of job cuts unchanged.</b>
	Services	Modest fall in employment.
	Manufacturing	Slowest reduction in staffing levels since June 2019.
<b>Input Prices</b>	<b>Composite</b>	<b>Weaker increase in input prices.</b>
	Services	Slowest rise in input costs for six months.
	Manufacturing	Input price inflation at near two-year high.
<b>Output Prices</b>	<b>Composite</b>	<b>Ninth successive decrease in output prices.</b>
	Services	Further solid reduction in charges.
	Manufacturing	Slight increase in selling prices.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI at three-month low of 53.6.

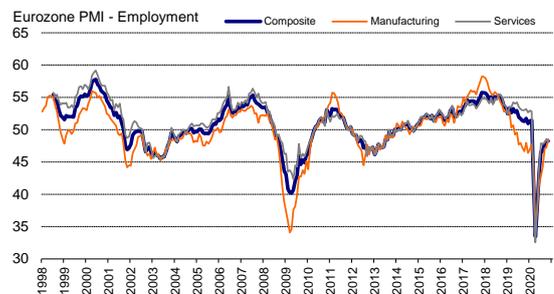
## Output



## New business



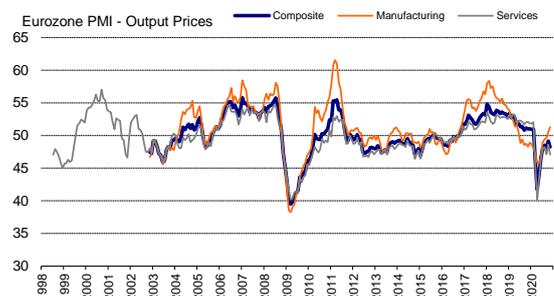
## Employment



## Input prices



## Output prices



Source: IHS Markit.

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**Note to Editors:**

Final November data are published on 1 December for manufacturing and 3 December for services and composite indicators.

The Eurozone *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 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Index <sup>1</sup>	0.0	0.3
Eurozone Manufacturing <i>PMI</i> <sup>3</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.1	0.3

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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).

**Notes**

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

**About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))**

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**About PMI**

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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