Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) August 1st 2019

News Release

IHS Markit Eurozone Manufacturing PMI® – final data

Manufacturing sector contracts at fastest rate since end of 2012

Key findings:

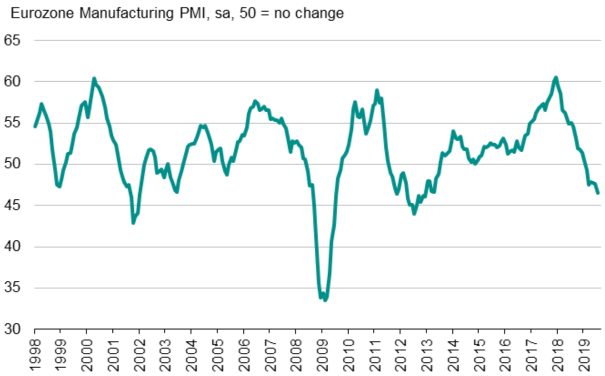
- Final Eurozone Manufacturing PMI at 46.5 in July (Flash: 46.4, June Final: 47.6)
- Output and orders both down markedly as confidence hits lowest since December 2012
- Sharpest recorded reduction in employment for over six years

Data collected July 12-24

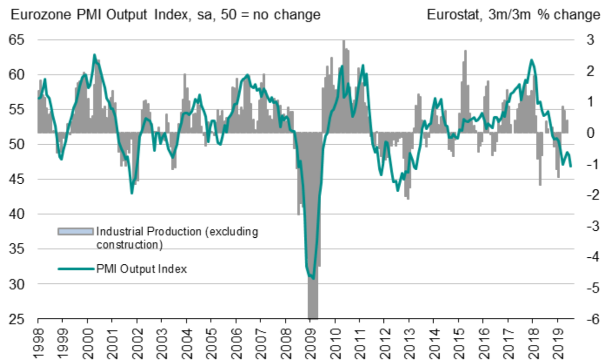
Countries ranked by Manufacturing PMI: July

Greece	54.6	3-month high
Netherlands	50.7	no-change
France	49.7 (flash: 50.0)	4-month low
Ireland	48.7	75-month low
Italy	48.5	2-month high
Spain	48.2	2-month high
Austria	47.0	57-month low
Germany	43.2 (flash: 43.1)	84-month low

IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.



Sources: IHS Markit, Eurostat

The euro area's manufacturing sector continued to contract during July, and at an accelerated rate. The latest IHS Markit Eurozone Manufacturing PMI® posted below the 50.0 no-change mark that separates growth from contraction for a sixth successive month and, at 46.5, pointed to the sharpest deterioration in operating conditions since December 2012. The index was down from 47.6 in June, though slightly higher than the earlier July flash reading of 46.4.

Of the three market groups categories covered by the survey, ongoing contractions were seen in the intermediate and investment goods sectors. For the latter, the deterioration was the greatest since November 2012. In contrast, growth was sustained amongst producers of consumer goods.

Germany remained a source of weakness, with its manufacturing economy recording its sharpest deterioration in operating conditions for seven years. Austria recorded its lowest PMI level in just under five years, whilst there were also below 50.0 readings seen in France, Ireland, Italy and Spain.

In contrast, the Netherlands and Greece continued to expand, although growth in the former was only marginal and unmoved on June's six-year low.

The downturn in the overall manufacturing economy was driven in the main by a sharp fall in new orders. Latest data showed that the decline was the second sharpest recorded by the survey in just over six years (surpassed only by a contraction in March) as ongoing trade tensions, difficulties in the automotive industry and political uncertainties continued to weigh on demand both in internal and external markets. Export* trade deteriorated to the greatest degree since November 2011, with German manufacturers recording the sharpest reduction (the fastest in over a decade).

A deteriorating trend in order books led to a retrenchment in both production and purchasing activity amongst euro area manufacturers. Output was cut to the greatest degree since April 2013, whilst the reduction in purchasing activity was the sharpest seen since the end of 2012. Manufacturers indicated a preference for utilising inventories in production instead, with latest data indicating the greatest monthly fall in stocks of purchases for nearly six years. Warehouse inventories were also cut for only the second time in the past ten months.

As purchasing activity fell, average lead times for the delivery of inputs shortened at a rate only slightly slower than June's decade high. With reports of excess supply for some raw materials, input costs faced by manufacturers deteriorated to the greatest degree since April 2016. With costs falling, and market demand deteriorating, euro area manufacturers chose to discount their own charges for the first time in just under three years.

Signs of excess capacity in the manufacturing sector was provided by latest data on backlogs of work which fell in July for an eleventh successive month and at a rate not seen for seven years. This led to a notable reduction in employment, the third in successive months and the sharpest recorded by the survey since May 2013. Job losses were especially marked in Germany.

Employment was not only undermined by falling current workloads, but also growing worries over future operating conditions. July's survey data indicated a sharp fall in sentiment to its lowest level since the end of 2012. Germany recorded by far the most pessimistic outlook for production over the next 12 months.

** Includes intra-eurozone trade.*

Comment

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

"The Eurozone PMI dashboard is a sea of red, with all lights warning on the deteriorating health of the region's manufacturers. July saw production and jobs being cut as the fastest rates for over six years as order books continued to decline sharply. Prices fell at the sharpest rate for over three years as firms increasingly competed via discounting to help limit the scale of sales losses.

"Forward indicators also deteriorated. Input buying fell to an extent not seen since 2012 as firms prepared for weaker production in the short term, and expectations for the year ahead likewise fell to the lowest in over six-and-a-half years.

"The downturn is being led by Germany, reflective of a further worsening conditions in the auto sector and falling global demand for business equipment. However, output is also falling in Italy, France, Spain, Ireland and Austria and is close to stalling in the Netherlands. Greece notably bucked the deteriorating trend.

"Rising geopolitical concerns, including trade wars and Brexit, and worries about slower economic growth both domestically and internationally were all widely reported as having subdued current demand and hit confidence in the outlook. The concern is that, while policymakers have become increasingly alarmed at the deteriorating conditions, there may be little that monetary policy can do to address these headwinds."

-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 July 2019 flash was based on 93% 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.

About IHS Markit (www.ihsmarkit.com)
IHS Markit (NYSE: 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.

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.