

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 3<sup>rd</sup> June 2020**

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

Includes IHS Markit Eurozone Services PMI<sup>®</sup>

### Eurozone PMI rises in May but still signals severe contraction

#### Key findings:

- Final Eurozone Composite Output Index: **31.9** (Flash: 30.5, April Final: 13.6)
- Final Eurozone Services Business Activity Index: **30.5** (Flash: 28.7, April Final: 12.0)

Data collected May 12-26

May saw a noticeable bounce in the **IHS Markit Eurozone PMI<sup>®</sup> Composite Output Index** following April's survey low. Posting 31.9, higher than the flash reading of 30.5 and up on April's 13.6, the PMI posted its best level in three months.

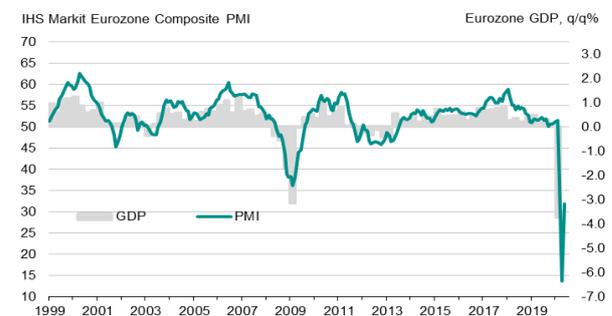
Nonetheless, by remaining well below the 50.0 no-change mark, the index was again consistent with sharply falling activity across the region as restrictions related to the coronavirus disease 2019 (COVID-19) pandemic continued to have a severe impact on economic performance.

Both manufacturers and service providers endured further noticeable contractions in output although, in line with the headline composite figure, at much slower rates than April's survey records.

Country level data showed a broad-based improvement in respective composite PMI readings. The four largest euro area economies registered slower – albeit still severe – contractions in activity. Italy was the best-performing, followed by Germany and France. Spain remained the weakest-performing nation.

Albeit falling at a slower rate, levels of incoming new business continued to fall markedly during the latest survey period as lockdown restrictions designed to prevent the spread of COVID-19, whilst generally looser than in April, continued to severely hamper demand.

#### IHS Markit Eurozone Composite PMI



Sources: IHS Markit, Eurostat.

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

Italy	33.9	3-month high
Germany	32.3 (flash: 31.4)	2-month high
France	32.1 (flash: 30.5)	3-month high
Spain	29.2	3-month high

\* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release. Ireland data will be released on 4 June.

There remained evidence of excess capacity across the region during May, with backlogs of work falling sharply and for the fifteenth successive month.

A lack of new work meant companies were able to comfortably deal with current workloads and led in several cases to firms reducing their employment levels. Whilst there remained evidence of companies continuing to take advantage of furlough schemes, the net fall in employment remained severe and amongst the greatest in the survey history. Spanish survey providers continued to signal by far the sharpest fall in employment during May.

Concerns over the longer-term impact of COVID-19 on consumption and broader economic activity also played a role in employment decisions. Business

confidence remained negative overall, though continued to improve on March's series low.

Finally, latest prices data showed ongoing reductions in both operating costs and charges. Reduced employment expenses alongside lower prices for oil-related items led to a third successive monthly drop in input costs. The challenging business environment meant that service providers again reduced their own output charges markedly during May.

## Services

The **IHS Markit Eurozone PMI<sup>®</sup> Services Business Activity Index** rose markedly from April's record low of 12.0 to record a three-month high of 30.5. Despite the improvement, however, the index remained well below the 50.0 no-change mark and indicative of another considerable reduction in service sector activity.

A similar trend in volumes of incoming new business was also indicated, with the rate of decline easing markedly but nonetheless remaining severe as ongoing restrictions related to the COVID-19 pandemic continued to restrict economic activity.

As the level of incoming new work fell again, outstanding business contracted for the third successive month and at a considerable pace. Firms reacted by making another severe cut to their staffing levels, led by companies in Spain.

Cuts to employment, and the ongoing use of furlough schemes, ensured that companies recorded a third successive monthly reduction in operating expenses. Lower fuel and energy prices were also reported. Faced with a challenging business environment, companies continued to cut their own charges at a marked pace.

Finally, confidence about the future remained inside negative territory during the latest survey period, although the degree of pessimism moderated further since March's survey record. Notably, Italian service providers returned to optimism. Companies in Germany were the most pessimistic.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The scale and breadth of the eurozone downturn was highlighted by the PMI data showing all countries enduring another month of sharply falling business activity. Eurozone GDP is consequently set to fall at an unprecedented rate in the second quarter, accompanied by the largest rise in unemployment seen in the history of the euro area.*

*"Encouragingly, while rates of decline of both business activity and employment remained shockingly steep for a third successive month in May, the downturn has already eased markedly in all countries surveyed. Optimism about the outlook has also returned in Italy and, to a lesser degree, France, while pessimism has moderated markedly in all other countries.*

*"Providing there is no resurgence of infection numbers, the planned lifting of lockdowns will inevitably help boost business activity and sentiment further in coming months.*

*"However, the outlook is scarred by the prospect of demand remaining weak due to household spending being hit by high levels of unemployment and corporate spending being subdued as companies repair balance sheets.*

*"Consumer-facing services are likely to continue to take the hardest hit from those COVID-19 containment measures that may need to stay in place the longest, acting as a particular drag on the overall recovery.*

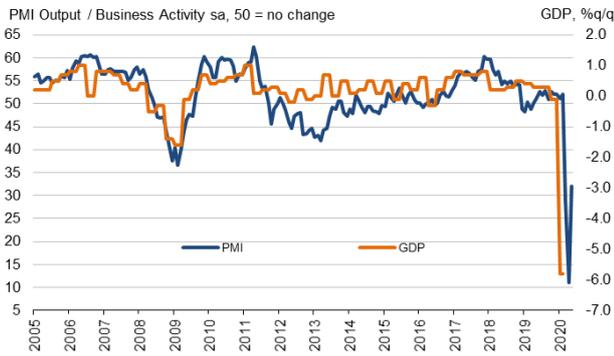
*"We therefore remain cautious with respect to the recovery. Our forecasters expect GDP to slump by almost 9% in 2020 and for a recovery to pre-pandemic levels of output to take several years."*

-Ends-

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

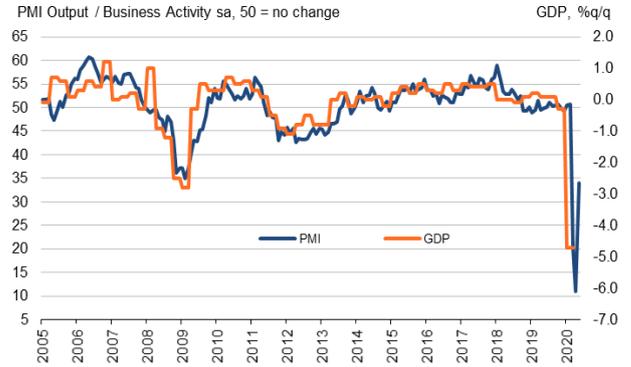
† for business confidence (optimism), companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

**France**



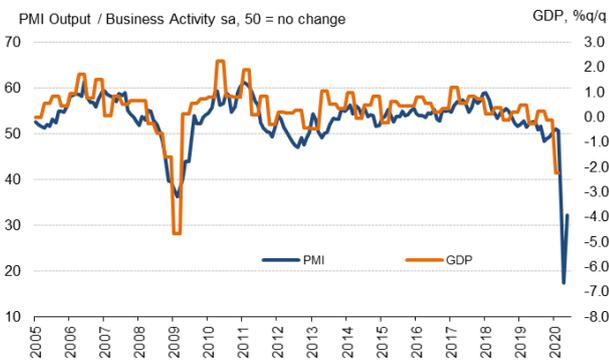
Source: IHS Markit, INSEE GDP = gross domestic product

**Italy**



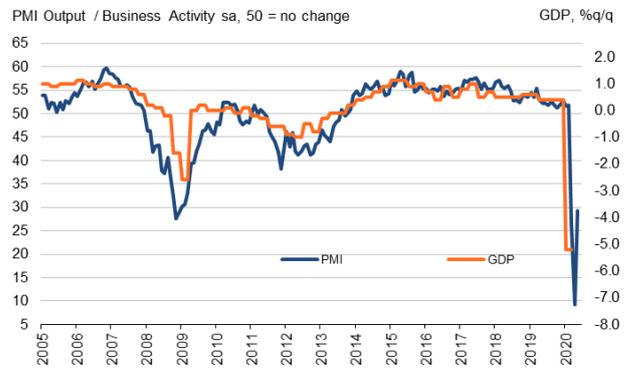
Source: IHS Markit, ISTAT GDP = gross domestic product

**Germany**



Source: IHS Markit, FSO. GDP = gross domestic product

**Spain**



Source: IHS Markit, INE. GDP = gross domestic product

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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 May composite flash was based on 86% of the replies used in the final data. The May services flash was based on 77% of the replies used in the final data. **Data were collected 12-26 May.**

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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