

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) June 3<sup>rd</sup> 2019**

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

### Manufacturing economy continues to contract in May

#### Key findings:

- Final Eurozone Manufacturing PMI at 47.7 in May (Flash: 47.7, April Final: 47.9)
- Order books and output continue to decline
- Lead times for the delivery of inputs shorten to greatest degree since mid-2009

Data collected May 13-23

#### IHS Markit Eurozone Manufacturing PMI

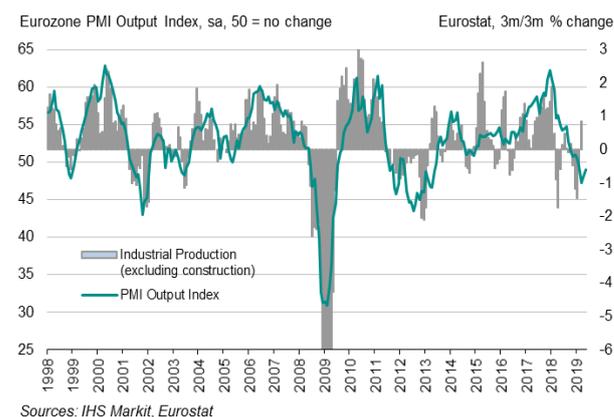


The eurozone's manufacturing economy remained entrenched inside contraction territory during May. After accounting for seasonal factors, the IHS Markit Eurozone Manufacturing PMI<sup>®</sup> posted below the crucial 50.0 no-change mark for a fourth successive month, recording a level of 47.7 (unchanged from the earlier flash reading). That was slightly down on the previous month's 47.9 and close to March's near six-year low.

According to market group data, weakness remained centred on the intermediate and investment goods sectors. In both instances, rates of deterioration were again marked and contrasted noticeably with the performance of the consumer goods category, where growth was sustained to a modest degree. The consumer goods sector has now registered continuous expansion for five-and-a-half years.

#### Countries ranked by Manufacturing PMI: May

|             |                    |              |
|-------------|--------------------|--------------|
| Greece      | 54.5               | 3-month low  |
| Netherlands | 52.2               | 2-month high |
| France      | 50.6 (flash: 50.6) | 3-month high |
| Spain       | 50.2               | 3-month low  |
| Italy       | 49.5               | 8-month high |
| Austria     | 47.8               | 50-month low |
| Germany     | 44.3 (flash: 44.3) | 2-month low  |



By nation, Germany continued to endure the sharpest deterioration in manufacturing operating conditions, with its respective PMI again signalling a marked rate of contraction. Austria saw the health of its manufacturing economy deteriorate to the greatest degree for over four years.

Italy's PMI also remained below 50.0, albeit only slightly. Only marginal growth was seen in France and Spain. Greece remained the best-performing country in terms of manufacturing expansion.

Underperformance of the region's manufacturing sector continued to be closely linked to deteriorating order books. Latest data showed an eighth successive monthly fall in new work received. Panellists reported falling demand both at home and abroad – as highlighted by another solid (albeit slower) fall in new export orders during May.

The latest downturn in new work inevitably continued to weigh on production, which was reported to be down in May for a fourth successive month. However, with the rate of contraction remaining modest, and slower than that of new work, firms were again able to make notable inroads into their backlogs. May's survey signalled a ninth successive monthly fall in work outstanding.

The ongoing emergence of excess productive capacity weighed on employment. After 56 months of continuous expansion, a net fall in payroll numbers was recorded in May. The marginal contraction was primarily centred on Germany, where job losses were signalled for a third successive month, although Spain also recorded a fall in staffing numbers. Growth of employment elsewhere tended to be marginal except for Greece, where a robust gain in jobs was again registered.

There was further evidence of emerging slack in supply chains during May, as average lead times for the delivery of inputs shortened to the greatest degree since mid-2009. Lead times have now improved for three months in a row, in line with falling purchasing activity amongst manufacturers. May's survey showed that input buying was down for a sixth successive month as firms focussed on utilising existing stock wherever possible.

On the price front, input cost inflation softened in May, falling to its lowest level since August 2016. Firms chose to pass on these higher operating expenses to clients as highlighted by a similarly modest increase in output charges.

Finally, business confidence improved to a three-month high in May, though nonetheless remained well down on its long-term average. Moreover, outright pessimism was seen in Austria and Germany, whilst France and Spain registered a lower degree of confidence compared to April. In contrast, Italy enjoyed a markedly higher level of optimism.

\* Includes intra-eurozone trade.

## Comment

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

*“Euro area manufacturing remained in contraction during May, suggesting the sector will act as a drag on the wider economy in the second quarter.*

*“A fourth successive monthly drop in output and further steep decline in new orders underscored how the sector remains in its toughest spell since 2013. Companies are tightening their belts, cutting back on spending and hiring. Input buying, inventories and employment are all now in decline as manufacturers worry about being exposed to a further downturn in demand.*

*“That said, although the headline PMI fell in May, the decline masked slower rates of decline for both output and new orders. The forward-looking orders-to-inventory ratio also picked up for a second month running to reach a six-month high, the improvement of which augurs well for the downturn to moderate in June.*

*“However, trade wars, slumping demand in the auto sector, Brexit and wider geopolitical uncertainty all remained commonly cited risks to the outlook, and all have the potential to derail any stabilisation of the manufacturing sector.”*

-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](mailto:chris.williamson@ihsmarkit.com)

Paul Smith, Economics Director  
Telephone +44-1491-461-038  
Email [paul.smith@ihsmarkit.com](mailto:paul.smith@ihsmarkit.com)

Joanna Vickers, Corporate Communications  
Telephone +44 207 260 2234  
Email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com)

**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 May 2019 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 <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).

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

IHS Markit (Nasdaq: 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.

*IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2019 IHS Markit Ltd. All rights reserved.*

**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>.

The intellectual property rights to the Eurozone Manufacturing *PMI*<sup>®</sup> provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. *Purchasing Managers' Index*<sup>®</sup> and *PMI*<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

If you prefer not to receive news releases from IHS Markit, please email [joanna.vickers@ihsmarkit.com](mailto:joanna.vickers@ihsmarkit.com). To read our privacy policy, [click here](#).