

EMBARGOED UNTIL: 00:01 (UTC) November 11th 2020

IHS Markit COVID-19 recovery survey

Firms in China and US anticipate fastest recoveries from COVID-19

- Companies in China are expecting to lead the recovery of output lost due to the COVID-19 pandemic, according to survey data compiled by IHS Markit, and have also so far suffered the smallest hit, followed by firms in the US.
- India reports the slowest recovery prospects, followed by Japan.
- Hotels, restaurants and other consumer-facing services are anticipating the longest recoveries. Food, drink and vehicle makers are the most upbeat.

The COVID-19 survey, undertaken in late-October, asked companies to report whether their output had risen or fallen since the start of the pandemic. For those companies where output remained below its pre-pandemic peak, firms are asked to give guidance on when any remaining loss would be recouped, if ever.

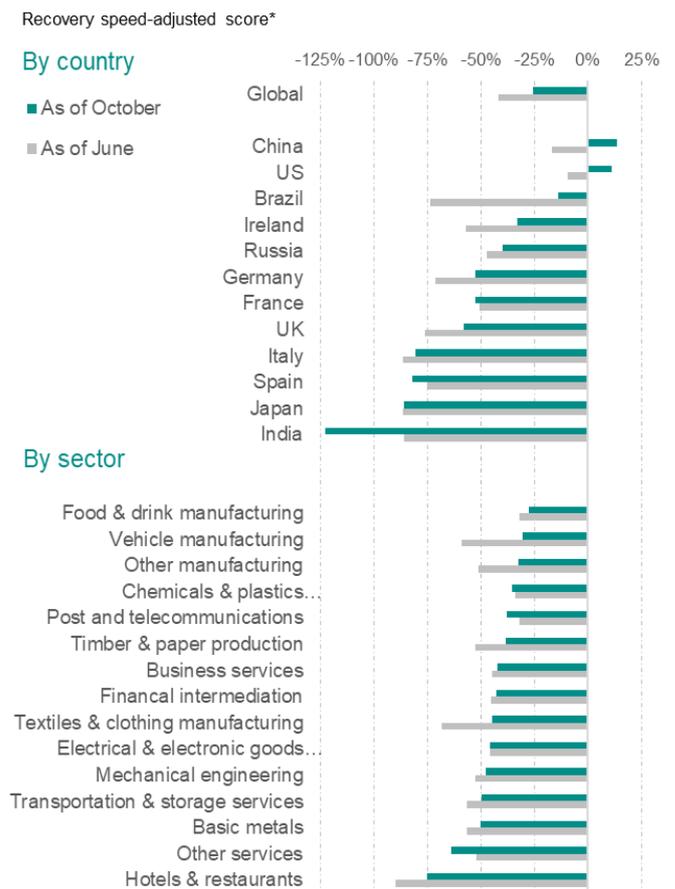
The survey was conducted simultaneously in 12 countries, directed at companies that participate in IHS Markit's manufacturing and services PMI surveys. Responses were received from 6,653 companies in October (down slightly from 6,806 in June). Note that retail, energy, construction and government entities are excluded from the survey coverage.

China sees highest recovery score

Looking at an overall gauge of COVID-19 recovery progress, which takes into account the proportion of firms that have already met or exceeded pre-pandemic output peaks and the expected recovery times for the remaining companies, firms in China are the most upbeat regarding the recovery path followed by companies in the US. Firms in India have the lowest recovery expectations, followed by Japan, Spain, Italy and the UK.

All countries have become more upbeat about recovery progress since the prior survey (conducted in June), with the exceptions of India, Spain and France, the former seeing a particularly marked downturn in recovery prospects. Brazil has seen by far the biggest improvement in recovery prospects.

COVID-19 recovery path scores*



* Calculated as % of companies reporting that business output has risen as of mid-October since the COVID-19 outbreak minus those reporting a decline, with weights depending on when companies expect their output to be fully recovered, plus a 0.5 weight for those that report output to be the same as the pre-pandemic peak).
Source: IHS Markit

Hotels and restaurants lag the recovery, while food, drink and vehicle makers lead

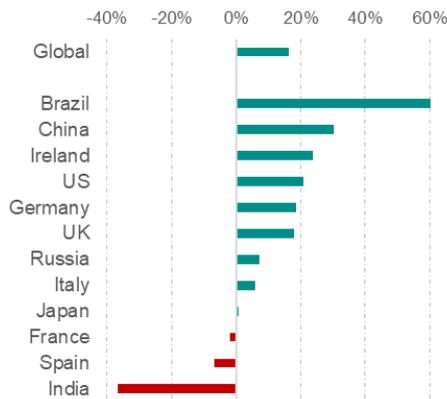
By sector, food & drink companies see the fastest recovery paths followed by vehicle manufacturers. Hotels and restaurants see the longest recovery path, followed by 'other' services (which principally comprises consumer-facing services not elsewhere classified plus sporting and other outdoor activities). Transportation & storage likewise remains especially hard-hit, alongside basic metal goods makers.

Looking at how recovery prospects have changed by sector since the prior (June) survey, vehicle makers have seen the biggest improvement globally, while the 'other' services category (mainly comprising consumer-facing businesses) has seen a notable downward shift in expectations, as have post and telecoms and chemicals & plastics manufacturers, albeit the latter to only a marginal extent.

How COVID-19 recovery path scores* have changed since June

Change in recovery speed-adjusted score* between June and October

By country



By sector



* Calculated as % of companies reporting that business output has risen as of mid-October since the COVID-19 outbreak minus those reporting a decline, with weights depending on when companies expect their output to be fully recovered, plus a 0.5 weight for those that report output to be the same as the pre-pandemic peak). Source: IHS Markit

Half of all companies report current output to be running below pre-pandemic peaks

Looking at current operating levels, some 51% of companies globally continued to operate with output below their pre-pandemic peaks as of mid-October, albeit an improvement from 65% as of mid-June. Of the remaining 49%, only 14% have seen output rise above the prior peak. That compares with 8% having regained the prior peak back in June, suggesting only a modest

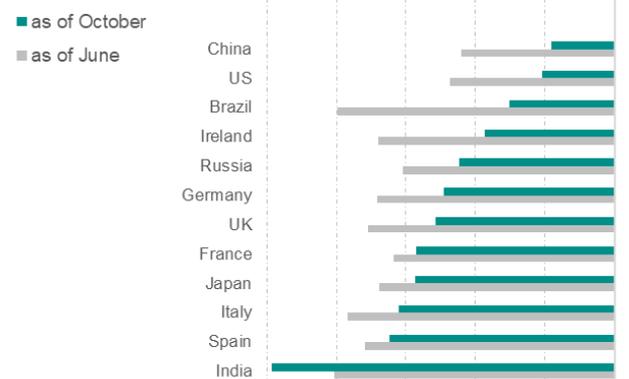
further recovery since June, with only an additional 6% of firms having breached prior output peaks over the July to October period.

The global net balance of recovery, calculated as the percentage of firms having seen output rise above the prior pandemic peak minus those reporting that output remains lower, consequently stands at -37%. That compares favourably with -57% back in June but still indicates a large shortfall of global output lost to the pandemic.

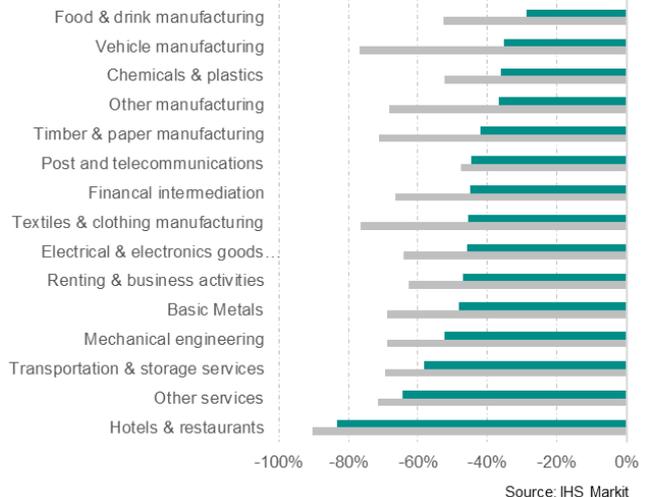
Current output compared to pre-pandemic peaks

% net balance (those reporting that output has risen as of mid-October since the COVID-19 outbreak minus those reporting a decline, excluding "don't knows")

By country



By sector



The net balance figures indicate that China has so far made the greatest progress in closing the shortfall in output lost to the pandemic, followed by the US and then Brazil. The latter, however, is notable in having seen the biggest improvement in progress since June.

At the other end of the scale, India continues to report the biggest loss of output, also being the only country to see the drop in output deepen further since June.

Spain and Italy have also seen poor recoveries so far, with Japan, France and the UK also in the bottom half of the current recovery ranking table.

By sector, all major sectors covered by the survey continued to report current output to be running below pre-pandemic peaks on average, as reflected in negative net balances.

The steepest loss of output so far continued to be reported in the hotels & restaurants sector, followed by 'other' services (which principally comprises consumer-facing services not elsewhere classified plus sporting and other outdoor activities). Transportation & storage likewise remains especially hard-hit.

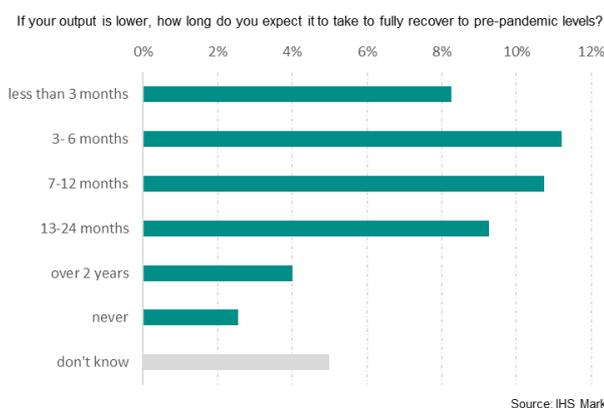
Sectors having made the most progress in recouping lost output are food & drink production and vehicle manufacturing.

Future recovery paths for lost output

Looking at expected future recovery paths, although 51% of companies globally are still waiting to recover lost output, 8% expect to have regained their prior peaks within three months, with a further 11% within six months. An additional 11% expect to have recovered within the next year.

Only 9% of firms globally expect the recovery to take between 12 and 24 months, though a further 4% anticipate the recovery exceeding two years.

Global output recovery expectations



Permanent loss of output

Unfortunately, 3% of firms globally never expect to regain their pre-pandemic output peaks, up slightly from 2% back in June. However, the figures vary markedly,

ranging from zero companies in the US and China to 13% in Japan.

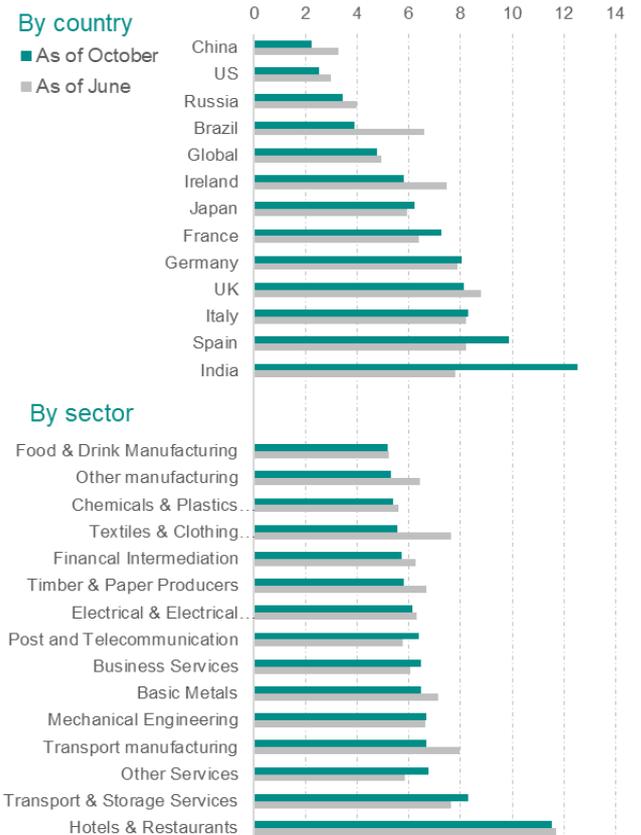
By sector, the most common expectation of a permanent loss of output was seen in the hotels & restaurants and textiles & clothing manufacturing sectors.

The survey data therefore imply that, of the 48% of firms that are waiting (and still expect) to recover their lost output, the average recovery time is five months, ranging from an average of 13 months in India and 10 months in Spain to just two months in China and three months in the US.

By sector, the longest expected recovery time is seen for hotels & restaurants (at 12 months) followed by transportation & storage services (8 months).

Expected recovery times (months) for companies that have yet to regain pre-pandemic peaks (excludes those companies which do not expect to recover)

Average expected recovery period (months) to regain pre-pandemic output peak:



Commenting on the survey, **Chris Williamson**, Chief Business Economist at IHS Markit, said:

“The survey indicates encouraging overall progress in the global economic recovery from the COVID-19 outbreak, which was declared a pandemic after spreading globally in March, but trends have been very varied, both by country and sector. Notably, some countries and sectors have made less progress than anticipated when the survey had previously been conducted back in June, reflecting disruptions caused by further waves of virus infections.

“Companies in China have not only reported the greatest success so far in recouping output lost to COVID-19, but also anticipate making the fastest full recovery, though US companies come a close second. Given that the outbreak and associated lockdown occurred earlier in China, this represents very encouraging progress for the US.

“High levels of infections, and second waves of the outbreak, have nevertheless meant many countries have achieved less progress than had been signalled when the prior survey was conducted back in June. Most notable are India, Spain and Italy, where recovery prospects reported by companies have even taken backward steps.

“Similarly, the virus has had a bigger and more prolonged impact than previously expected on recovery paths for many consumer-facing service companies in particular, which continued to lag the overall recovery. Perhaps not surprisingly, hotels and restaurants are anticipating the slowest recovery paths.

“While it was perhaps to be expected that food and drink companies would lead the recovery, reflecting the sustained need for such non-discretionary purchases, vehicle manufacturing is a stand-out performer, a large proportion of which is accounted for by auto makers, which has reported the biggest improvement in recovery prospects over the past four months.”

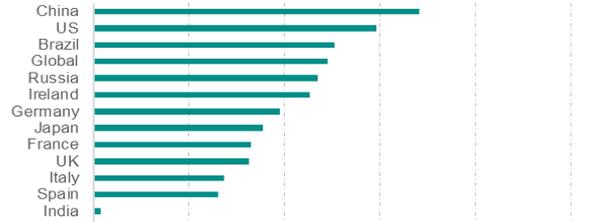
Full data are available on request from economics@ihsmarkit.com

Appendix

Current stage of recovery from pandemic

% of companies (excluding "don't knows") as of October

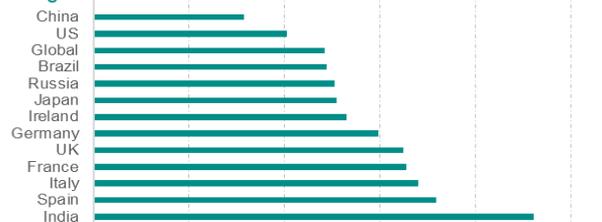
Already recovered or surpassed pre-virus peak



Will never recover



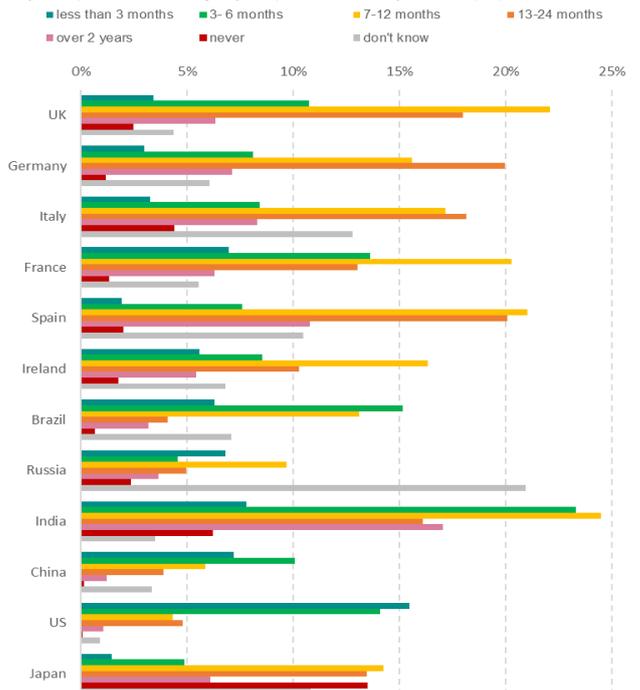
Waiting to recover



Source: IHS Markit

Expected 'waiting to recover' times

If your output is lower, how long do you expect it to take to fully recover to pre-pandemic levels?



Source: IHS Markit

For further information, please contact:**IHS Markit**

Andrew Harker, Economics Director
Telephone +44 149 146 1016
Email andrew.harker@ihsmarkit.com

Katherine Smith, Public Relations
Telephone +1 781 301 9311
Email katherine.smith@ihsmarkit.com

Chris Williamson, Chief Business Economist
Telephone +44 207 260 2329
Mobile +44 779 5555 061
Email chris.williamson@ihsmarkit.com

Notes to Editors:

The Global COVID-19 Recovery Survey for worldwide manufacturing and services is produced by IHS Markit and is based on a survey of around 12,000 manufacturers and service providers. Responses were received from 6,653 companies between 12 and 29 October.

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.

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.

The intellectual property rights to the information 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™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trade mark of IHS Markit Ltd. and/or its affiliates.

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