

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 6<sup>th</sup> May 2020**

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Eurozone economy registers fresh record drop in activity in April

#### Key findings:

- Final Eurozone Composite Output Index: **13.6** (Flash: 13.5, March Final: 29.7)
- Final Eurozone Services Business Activity Index: **12.0** (Flash: 11.7, March Final: 26.4)

Data collected April 7-27

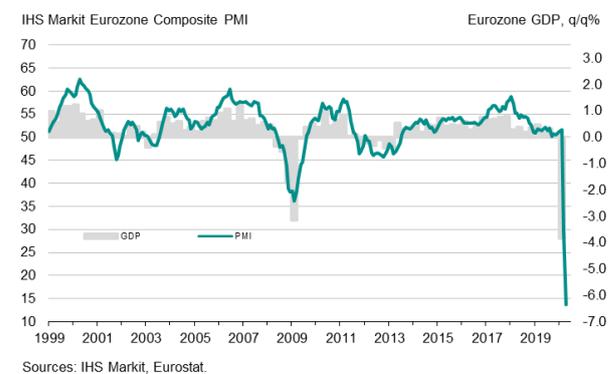
The coronavirus disease 2019 (COVID-19) pandemic continued to have a severe impact on the eurozone private sector economy during April. This was highlighted by the **IHS Markit Eurozone PMI® Composite Output Index** which fell to a new series low in April of 13.6, down from March's previous record of 29.7.

Reflective of the ongoing restrictions to non-essential economic activities in place across the region, the severe and unprecedented contraction in activity was replicated at the sector level. Both the manufacturing and services economies recorded record falls in output during April, with service providers again registering the sharper contraction.

At the country level, all nations for which both manufacturing and services data are available for endured survey record contractions in activity. There was some variance in the rates that private sector economies contracted. Spain and Italy fared worst, followed by France. Germany and Ireland recorded the highest composite PMI figures.

The restrictions in place to deal with the COVID-19 outbreak led to not only a considerable fall in activity, but unsurprisingly also a steep and unprecedented drop in levels of new business placed with eurozone companies. April's survey also showed a series record fall in new export sales.

#### IHS Markit Eurozone Composite PMI



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

Germany	17.4 (flash: 17.1)	survey low
Ireland	17.3	survey low
France	11.1 (flash: 11.2)	survey low
Italy	10.9	survey low
Spain	9.2	survey low

\* Composite Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on page 3 of this press release.

With levels of incoming new business down so sharply, companies reported a steep and accelerated fall in backlogs of work in April. Levels of work outstanding have now declined for 14 successive months, with the latest contraction comfortably the greatest in the series history.

Job losses mounted during April, with overall employment down for a second successive month. Whilst there were some reports of firms taking advantage of various furlough schemes, the net reduction in staffing levels was the sharpest ever recorded in nearly 22 years of data collection. Companies operating in Spain and Ireland recorded the steepest drops in employment.

Cuts to staff numbers were not only in response to the poor trends in current activity, but also reflected great uncertainty about the future.

April's survey showed that business expectations about the year ahead were little-changed on March's survey record low. Many companies signalled ongoing worries over the longer-term impact of the COVID-19 outbreak on demand and activity.

Finally, prices data showed marked reductions in company operating costs and charges. Lower prices for goods and services linked to oil, alongside reduced employment costs, pushed operating expenses down at the fastest rate since July 2009. Average output charges were cut at the sharpest pace in nearly 11 years.

## Services

Following March's record low reading, the **IHS Markit Eurozone PMI® Services Business Activity Index** sank even further below the 50.0 no-change mark in April to indicate an unprecedented contraction in service sector activity. The index registered just 12.0, down from March's 26.4 as efforts to contain the COVID-19 outbreak placed considerable strain on business operations.

Service providers also experienced a considerable and survey record fall in incoming new work. Italy, Spain and France performed worst in terms of both activity and new sales.

Faced with sharply deteriorating levels of incoming new work, backlogs of unfinished business were dealt with at a new survey record pace. With spare capacity widely evident, staffing levels were cut for a second successive month – and also at the sharpest pace in nearly 22 years of data collection. Job losses were especially acute in Spain.

Worries over the longer-term impact of the pandemic on business activity meant that confidence was only slightly higher than March's record low. Spanish service providers were especially pessimistic, followed by those based in Germany (despite sentiment here improving since March).

Finally, average input prices fell for a second successive month in April, with the rate of deflation the sharpest in the survey history. Companies passed on these lower costs to clients, who in turn were keen to renegotiate fees given the challenging

business environment. The drop in charges was the joint-greatest in the survey history.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*“The extent of the euro area economic downturn was laid bare by record downturns in every country surveyed in April, with output falling at unprecedented rates across the region’s manufacturing and services sectors.*

*“With a large part of the region’s economy shut down while COVID-19 infections spiked higher, the economic data for April were inevitably going to be bad, but the scale of the decline is still shocking. The survey data are indicative of GDP falling at a quarterly rate of around 7.5%, far surpassing the worst decline seen in the global financial crisis. Jobs are also being lost at a rate never previously seen.*

*“Hopefully, with coronavirus curves flattening and governments making moves to ease lockdown restrictions, many sectors should start to see output and demand pick up. The process will be only very gradual, however, as governments juggle between reviving economies and preventing a second wave of infections. Most companies will inevitably need to work at levels well below full capacity and sectors such as retail, travel, tourism and recreation – already the hardest hit – will continue to be badly affected by social distancing.*

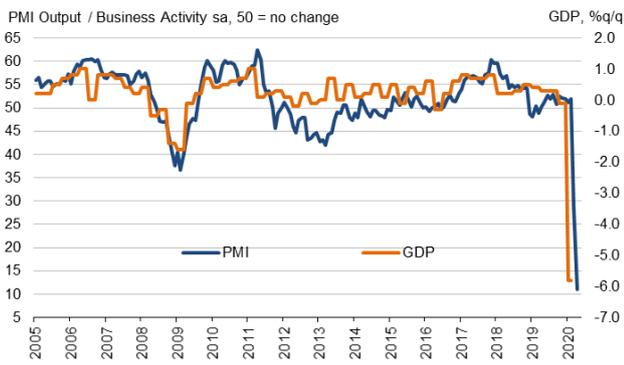
*“While the rate of decline may ease in coming months, we do not expect to see any material signs of recovery until the second half of the year, and it is likely to be several years before the output lost due to the virus outbreak is fully regained.”*

-Ends-

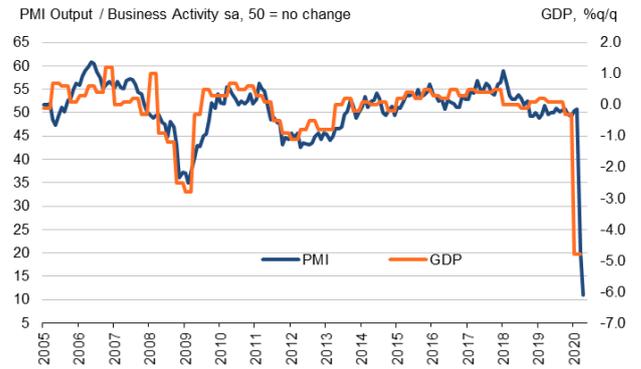
\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

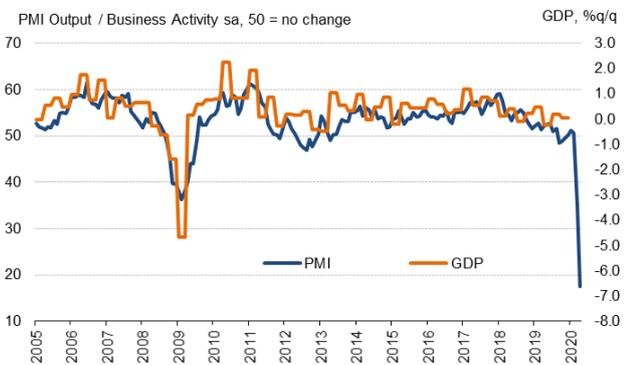
### France



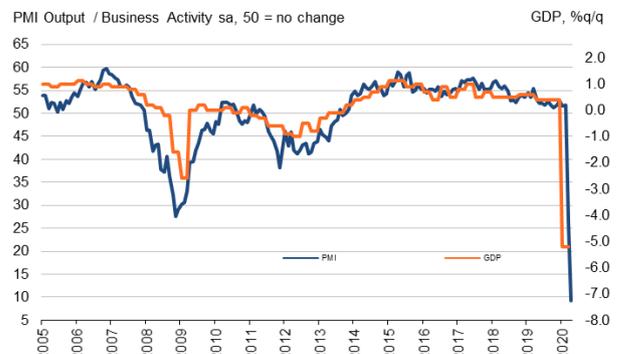
### Italy



### Germany



### Spain



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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 April composite flash was based on 89% of the replies used in the final data. The April services flash was based on 84% of the replies used in the final data. **Data were collected 7-27 April.**

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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