

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

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Eurozone PMI improves markedly to reach four-month high in June

#### Key findings:

- Final Eurozone Composite Output Index: **48.5** (Flash: 47.5, May Final: 31.9)
- Final Eurozone Services Business Activity Index: **48.3** (Flash: 47.3, May Final: 30.5)

Data collected June 12-25

The **IHS Markit Eurozone PMI® Composite Output Index** rebounded for a second successive month, and to a considerable extent during June. Rising to 48.5, up nearly 17 points since May's 31.9, the index was at its best level in four months and also higher than the earlier flash reading of 47.5.

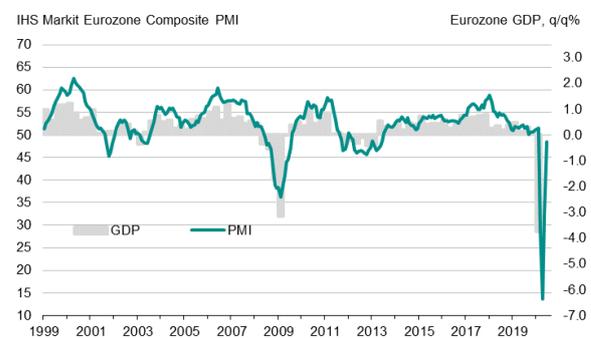
Despite the sharp improvement since May, the index was nonetheless indicative of challenging economic conditions across the region. Both manufacturing output and service sector activity continued to fall according to the latest data as the coronavirus disease 2019 (COVID-19) pandemic again weighed on wider economic activity.

Country level data for June showed that all countries enjoyed their best Composite PMI readings since February. Of note, growth was seen in France, which was the best-performing country overall.

Spain moved close to stabilisation, but activity continued to fall at solid rates in Italy and Germany. Ireland was the worst-performing nation.

Consistent with the trend seen for activity, levels of incoming new business continued to decline in June, but at a much slower rate. Underlying demand was reported to have remained weak, both at home and abroad. Levels of new export business continued to fall at a severe pace in June, according to the latest data.

#### IHS Markit Eurozone Composite PMI



Sources: IHS Markit, Eurostat.

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

France	51.7 (flash: 51.3)	4-month high
Spain	49.7	4-month high
Italy	47.6	4-month high
Germany	47.0 (flash: 45.8)	4-month high
Ireland	44.3	4-month high

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

Private sector companies continued to cut staffing levels during June, extending the current period of contraction to four months. Despite easing further since April's record, the rate of contraction remained historically sharp. Latest data showed job losses across all countries that composite data are available for. The sharpest cuts to employment were seen in Germany, followed by Italy and then Ireland.

In spite of another reduction in labour capacity, companies were again comfortably able to keep on top of existing workloads. Backlogs of work declined for a sixteenth successive month, albeit in line with other survey data, at a much slower rate.

Meanwhile, operating expenses were little-changed during June as falling input prices for manufacturers were offset by higher employment expenses for service providers. In line with the challenging

business environment, companies chose to lower their own output charges for a fourth successive month.

Confidence amongst private sector companies returned to positive territory in June and hit its highest level for four months. There were hopes that the continual easing of lockdown restrictions will pave the way for stronger demand and sales growth in the next 12 months.

## Services

The IHS Markit Eurozone PMI<sup>®</sup> Services Business Activity Index continued to recover ground from April's record low during June. Rising to 48.3, from 30.5 in May, the index posted its highest level since February. That said, by remaining below the 50.0 no-change mark, the index continued to indicate a challenging business environment for service providers.

Levels of incoming new business followed a similar trend to activity as demand struggled to gain meaningful traction despite the easing of lockdown restrictions across the region.

Overcapacity also remained evident as levels of work outstanding continued to decline, albeit at a slower pace. Companies responded by cutting their staffing levels for a fourth month in a row. Although easing since May, the rate of contraction remained historically sharp.

Nonetheless, with the reopening of units, firms were able to welcome back some staff from furlough schemes. This served, however, to raise overall operating expenses for the first time since February.

Margins were subsequently under some pressure as firms chose to discount their own charges in response to the challenging business environment and as part of efforts to support sales.

Finally, looking ahead to the coming year, service sector firms were at their most confident since February, with sentiment also returning to positive territory during the month.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*"The headline eurozone PMI surged some 17 points in June, a rise beaten over the survey's 22-year history only by the 18-point gain seen in May. The upturn signals a remarkably swift turnaround in the eurozone economy's plight amid the COVID-19 pandemic. Having sunk to an unprecedented low in April amid widespread business closures to fight the virus outbreak, the PMI has risen to a level indicative of GDP contracting at a quarterly rate of just 0.2%, suggestive of strong monthly GDP gains in both May and June.*

*"An improvement in business sentiment meanwhile adds to hopes that GDP growth will resume in the third quarter.*

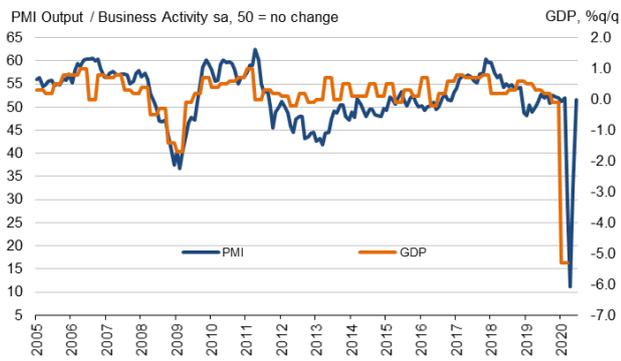
*"However, despite the vigour of the return to work following COVID-19 business closures, we remain cautious as to the strength of any longer-term recovery after the immediate rebound. Companies continued to report weak underlying demand in June. Many remained risk averse, being reticent to commit to spending and hiring due to persistent uncertainty as to the economic outlook, and in particular the likely sustained weakness of demand for many goods and services due to the need to retain many social distancing measures. While confidence in the future has improved, it remains well below levels seen at the start of the year, reflecting how many businesses are far from back to normal."*

-Ends-

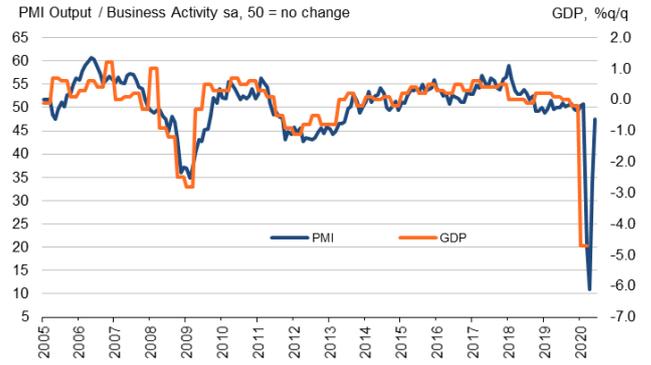
\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

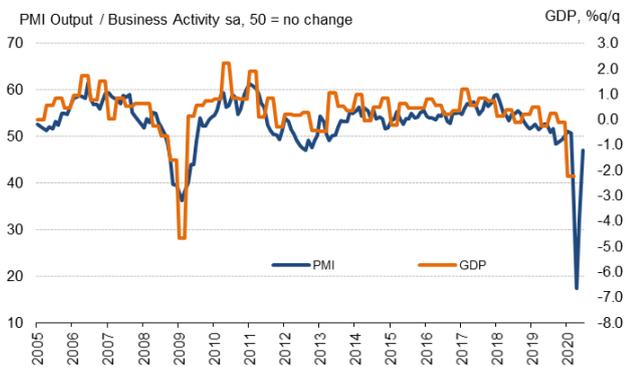
### France



### 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 June composite flash was based on 78% of the replies used in the final data. The June services flash was based on 85% of the replies used in the final data. **Data were collected 12-25 June.**

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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**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>.

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