

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 5<sup>th</sup> August 2020**

## IHS Markit Eurozone Composite PMI® – final data

Includes IHS Markit Eurozone Services PMI®

### Eurozone PMI signals fastest growth in over two years

#### Key findings:

- Final Eurozone Composite Output Index: **54.9** (Flash: 54.8, June Final: 48.5)
- Final Eurozone Services Business Activity Index: **54.7** (Flash: 55.1, June Final: 48.3)

Data collected July 13-28

The **IHS Markit Eurozone PMI® Composite Output Index** maintained its recent upward trend during July, rising by over six points on the month to reach a level of 54.9. That compared to June's 48.5 and slightly higher than the earlier flash reading (54.8).

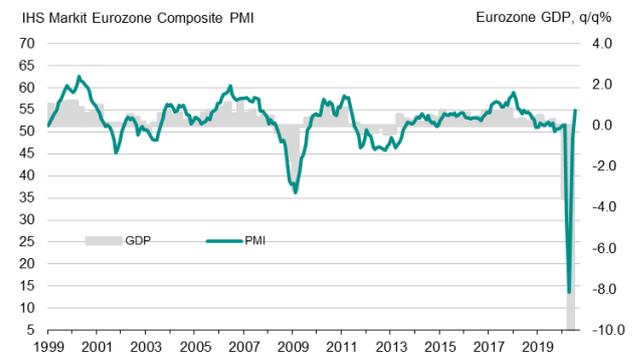
Moreover, it was the first time that the index has posted above the 50.0 no-change mark since February and represented the fastest rate of growth since June 2018.

Both the goods-producing and service sectors recorded marked rates of growth during July, with manufacturing registering the slightly stronger pace of expansion. Whilst the increase in service sector activity was the first in five months, July data represented the first increase in manufacturing production since the start of 2019.

The upturn in growth was broad-based by country, and led by the region's biggest two economies. France registered a considerable increase in activity, with growth here the sharpest for nearly two-and-a-half years. Germany enjoyed its best increase in activity for just under two years. Meanwhile, solid growth was seen in Spain and Italy.

Overall activity rose at a considerably quicker rate than volumes of incoming new business during July. Whilst the continued easing of lockdown restrictions helped to support a first increase in new business for five months, demand was undermined by continued weakness in international trade.

#### IHS Markit Eurozone Composite PMI



Sources: IHS Markit, Eurostat.

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

France	57.3 (flash: 57.6)	29-month high
Germany	55.3 (flash: 55.5)	23-month high
Spain	52.8	15-month high
Italy	52.5	24-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 6<sup>th</sup> August

Latest data showed that new export business declined for a twenty-second successive month in July, although the rate of contraction was only marginal.

Despite the upturns in activity and new business, companies continue to operate with a considerable degree of spare capacity. Backlogs of work were again reduced during July, falling for a seventeenth successive month (albeit relatively modestly).

Subsequently, firms made further cuts to their workforce numbers, with staffing levels reduced for a fifth month in succession. Whilst the degree of job shedding weakened to the lowest in that sequence, the decline was again marked. Country level data

showed that the sharpest falls in employment were seen in Italy, Spain and then Germany.

On the price front, there was a modest increase in operating expenses despite ongoing falls in input costs for goods producers. Competitive pressures and the challenging business environment nonetheless led to further discounting of output charges across both sectors.

Looking ahead to the coming 12 months, private sector companies on average expect activity to rise from present levels. Sentiment was also the highest recorded since February.

## Services

July's **IHS Markit Eurozone PMI<sup>®</sup> Services Business Activity Index** returned to growth territory, posting a reading comfortably above the 50.0 no-change mark. After accounting for seasonal factors, the index recorded 54.7, up from 48.3 in the previous month and the highest level for nearly two years.

In contrast, despite increasing for the first time in five months, levels of incoming new business rose at a relatively modest pace. Moreover, growth was primarily driven by domestic markets as export trade remained weak. Latest data showed that foreign sales declined for a twenty-third successive month.

With activity rising at a noticeably faster rate than new work, service providers were again able to comfortably deal with overall workloads. According to the latest data, backlogs of work continued to fall (albeit modestly) and helped to explain another round of job shedding in the sector. Jobs have now fallen for five months in succession, although the latest contraction was the weakest in that sequence.

Operating expenses crept higher during July, rising for a second successive month and at a solid pace. In contrast, output charges declined for a fifth month in a row as a challenging business environment and efforts to support sales led to another period of discounting.

Finally, business confidence about the year ahead strengthened further during July, reaching the highest level for five months. Confidence picked up across the euro area region, with positive sentiment the highest amongst Italian services providers.

## Comment

Chris Williamson, Chief Business Economist at IHS Markit said:

*“Eurozone service sector business activity rebounded in July to grow at a rate not exceeded for over two years. France and Germany enjoyed especially strong gains though renewed growth was also recorded in Spain and Italy as COVID-19 containment measures continued to be relaxed.*

*“Combined with a surge in manufacturing production, the renewed expansion of the service sector bodes well for the economy to rebound in the third quarter after the unprecedented slump seen in the second quarter.*

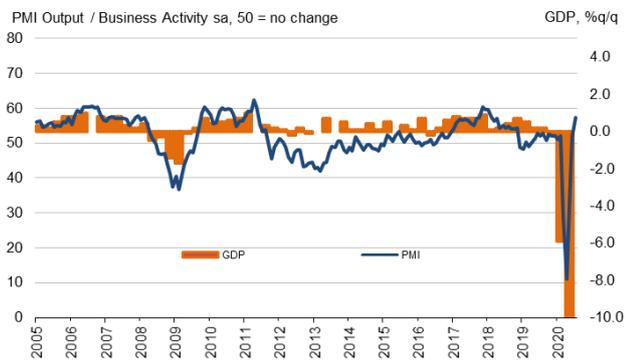
*“Whether the recovery can be sustained will be determined first and foremost by virus case numbers, and the recent signs of a resurgence pose a particular risk to many parts of the service sector, such as travel, tourism and hospitality. However, even without a significant increase in infections, social distancing measures will need to be in place until an effective treatment or vaccine is available, dampening the ability of many firms to operate at anything like pre-pandemic capacity, and representing a major constraint on longer-run economic recovery prospects.”*

-Ends-

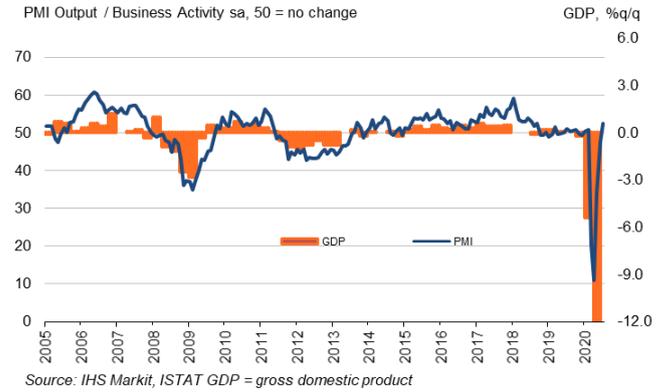
\*\* [Click here](#) for further details of using the PMI to measure GDP in advance.

† 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.

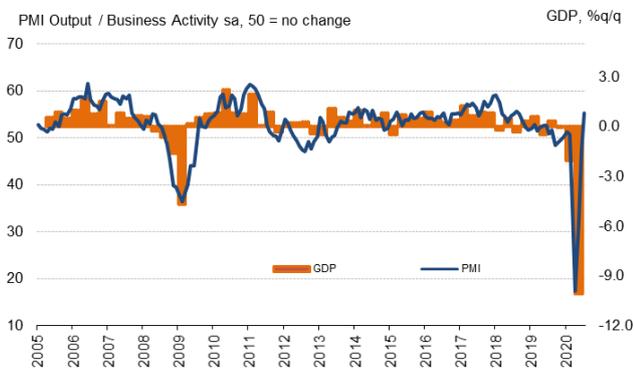
### France



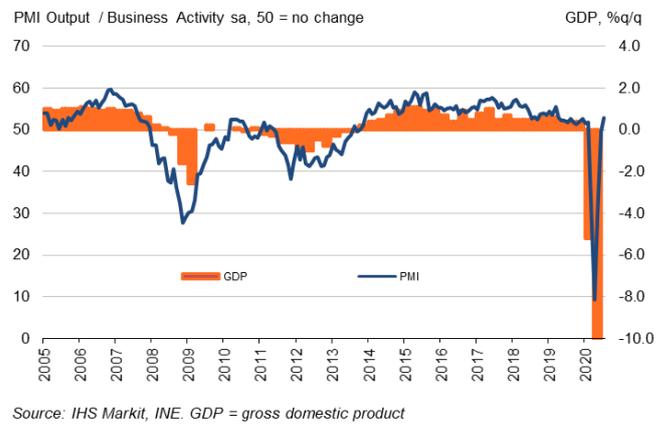
### Italy



### Germany



### Spain



**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)

Katherine Smith, Public Relations  
Telephone +1 (781) 301-9311  
Email [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com)

**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 July composite flash was based on 88% of the replies used in the final data. The July services flash was based on 84% of the replies used in the final data. **Data were collected 13-28 July.**

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).

**About IHS Markit ([www.ihsmarkit.com](http://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 © 2020 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 Composite and Services *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 trademarks 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 [katherine.smith@ihsmarkit.com](mailto:katherine.smith@ihsmarkit.com). To read our privacy policy, [click here](#).