News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing economy contracts at record pace in April

Key findings:

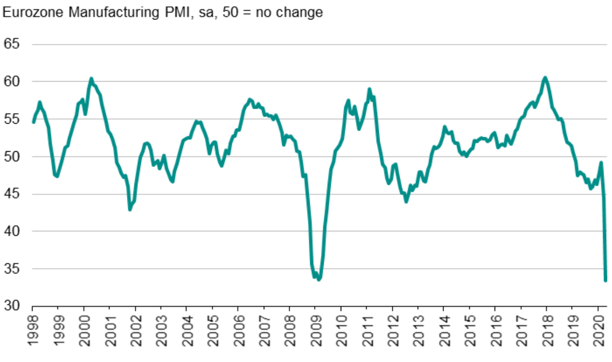
- Final Eurozone Manufacturing PMI at 33.4 in April (Flash: 33.6, March Final: 44.5)
- COVID-19 related measures impact heavily on demand and production
- Confidence sinks to record low and job losses mount

Data collected 7-23 April

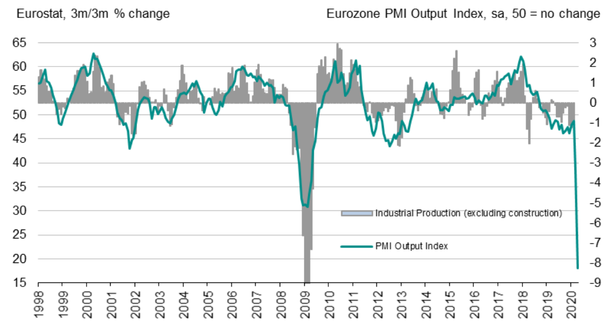
Countries ranked by Manufacturing PMI: April

Netherlands	41.3	131-month low
Ireland	36.0	133-month low
Germany	34.5 (flash: 34.4)	133-month low
Austria	31.6	series low
France	31.5 (flash: 31.5)	series low
Italy	31.1	series low
Spain	30.8	136-month low
Greece	29.5	series low

IHS Markit Eurozone Manufacturing PMI



Source: IHS Markit.



Source: IHS Markit, Eurostat

Euro area manufacturing experienced a substantial deterioration in operating conditions during April as government restrictions to limit the spread of the global coronavirus disease (COVID-19) weighed on the sector. Output, new orders, export sales, and purchasing activity all fell at record rates, whilst supply side constraints intensified to an unprecedented extent. Confidence about the future sank to a fresh series low.

The IHS Markit Eurozone Manufacturing PMI® registered 33.4 in April, down sharply from March's 44.5. Below the earlier flash reading, the latest PMI was the lowest ever recorded by the series (which began in June 1997), surpassing readings seen during the depths of the global financial crisis and indicative of a considerable deterioration in operating conditions.

Market groups data indicated that all categories recorded considerable deteriorations in operating conditions. Investment goods producers suffered the sharpest contraction.

At the country level, PMIs were down across the region, with numbers either at record lows (Austria, France, Greece, and Italy) or registering readings only surpassed during the worst of the global financial crisis.

Greece and Spain recorded the lowest PMI numbers, followed by Italy and France. Netherlands fared the best, but even here the rate of contraction was considerable.

Aggregate output in the euro area deteriorated at a survey-record rate during April, as did new orders. Restrictions on non-essential economic activities and associated social-distancing measures were widely reported to have led to a broad-based pause for demand and production. With similar restrictions also in place around the world, combined with transportation challenges, export trade also fell at a survey record pace.

Delays in transport routes, plus challenges in sourcing materials and company closures meant that the time taken for deliveries to arrive at manufacturers continued to lengthen. According to the latest survey data, average lead times deteriorated during April at an unprecedented rate in the survey's near 23-year history.

Demand for input goods was also markedly reduced as firms cut back on non-essential purchasing. Preferring instead to utilise existing inventories to bolster cashflow and working capital, the decline in buying activity was the sharpest in the survey history.

The sharp deteriorations in output and orders meant that excess capacity continued to develop during April as evidenced by a noticeable drop in backlogs of work. The fall was the twentieth in successive months and the sharpest recorded by the survey since February 2009.

Manufacturers subsequently cut their staffing levels for a twelfth successive month. Moreover, the rate of contraction was considerable and the sharpest since April 2009. Job losses were especially acute in Greece, Ireland and Spain.

Amid reports of falling prices for oil and related items, average input costs declined markedly during April and for an eleventh successive month. Output charges also fell, and to the greatest degree recorded by the survey in ten-and-a-half years.

Looking to the coming year, manufacturers were extremely downbeat about future output. Worries about the longer-term impacts on economic activity and demand meant that sentiment fell to a new series low in April. Of the countries covered by the survey, Spanish, German and Austrian manufacturers were the most pessimistic of all.

** Includes intra-eurozone trade.*

Comment

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

"Euro area manufacturing output plunged to an extent greatly exceeding any decline previously seen in the near 23-year history of the PMI survey in April, reflecting a combination of factors including widespread factory closures, slumping demand and supply shortages, all linked to the COVID-19 outbreak.

"All countries suffered record falls in factory output, with Italy reporting the sharpest decline, as measures to contain the coronavirus intensified during the month.

"With virus curves flattening and talk now moving to lifting some of the pandemic restrictions, April will have hopefully represented the eye of the storm in terms of the virus impact on the economy, meaning the rate of decline will now likely start to moderate. Barring any second wave of infections, which would throw any recovery off course, the news should start to improve as we see more people and businesses get back to work.

"However, the PMI is indicating an industrial sector that has collapsed at a quarterly rate of decline measured in double digits, and any recovery will be frustratingly slow. Steps needed to keep workers safe will mean even businesses that are able to restart production will generally be running at low capacity, and most will be operating in an environment of greatly reduced demand. Not only will household spending remain historically weak, not least due to ongoing shop closures, but business spending on inputs and machinery and equipment will also remain subdued for some time."

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*® (*Purchasing Managers' Index*®) 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 April 2020 flash was based on 92% 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 *PMI*	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.

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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.

About PMI
Purchasing Managers' Index® (*PMI*®) 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.