

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 1<sup>st</sup> September 2020**

## IHS Markit Eurozone Manufacturing PMI<sup>®</sup> – final data

### Modest growth of eurozone manufacturing sector sustained

#### Key findings:

- Final Eurozone Manufacturing PMI at 51.7 in August (Flash: 51.7, July Final: 51.8)
- Marked gains in output and new orders recorded
- Confidence highest for over two years but job losses continue at strong rate

Data collected 12-21 August

#### Countries ranked by Manufacturing PMI: August

Italy	53.1	26-month high
Ireland	52.3	2-month low
Netherlands	52.3	6-month high
Germany	52.2 (flash: 53.0)	22-month high
Austria	51.0	2-month low
Spain	49.9	2-month low
France	49.8 (flash: 49.0)	3-month low
Greece	49.4	2-month high

#### IHS Markit Eurozone Manufacturing PMI

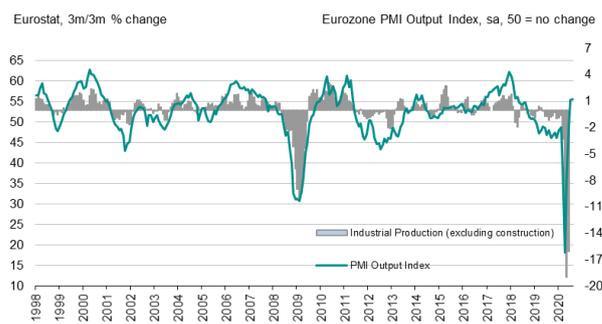
Eurozone Manufacturing PMI, sa, 50 = no change



Source: IHS Markit.

The recovery of the euro area's manufacturing sector from the severe constraints on economic activity related to fighting the global coronavirus disease (COVID-19) continued during August. Output and new orders both rose at marked rates and ensured that the IHS Markit Eurozone Manufacturing PMI<sup>®</sup> remained above the 50.0 no-change mark for a second successive month. The headline index posted 51.7 in August, unchanged on the earlier flash reading and little-moved on July's 51.8.

Growth was again widespread, with all three market groups registering an improvement in operating conditions compared to the previous month. The consumer goods category was again the best-performing, retaining a solid pace of expansion. Relatively modest gains were seen in the intermediate and investment goods categories.



Source: IHS Markit, Eurostat

Country level data indicated some divergent trends in manufacturing performance. Italy led the way in terms of growth, registering its best improvement in operating conditions for over two years. Ireland, the Netherlands and Germany – where growth hit a 22-month peak – all recorded solid improvements in operating conditions since July, while Austria registered modest growth.

In contrast, manufacturing performance stagnated in Spain and France, while Greek manufacturing conditions deteriorated for the sixth month running.

Eurozone manufacturing output growth was recorded for a second successive month during August and accelerated to reach its highest level for over two years. Germany, Italy and Ireland registered the strongest increases in output.

New orders also increased for a second month in succession, with growth again marked despite

easing slightly on July's near two-and-a-half-year peak. The domestic market was again the primary driver of new order books, with export orders continuing to rise, but at a relatively modest pace. To help meet the growth in new orders manufacturers continued to utilise stocks of finished goods, which fell to the greatest degree since the start of 2010.

Continued gains in new business led to a slight increase in backlogs of work during August, the first growth in two years. Nonetheless, manufacturers continued to make sharp reductions in employment: Latest data showed that job numbers were cut for a sixteenth successive month, albeit at the slowest rate since March. Job shedding remained most acute in Germany.

Manufacturers continued to utilise existing input stocks in production wherever possible. With purchasing activity little-changed on the month, inventories of raw materials and semi-manufactured goods declined to the greatest degree since January. This was also partly driven by ongoing delays in the delivery of inputs. Average lead times were reported to have lengthened for a seventh successive month (albeit to the weakest degree in this period).

Meanwhile, prices data indicated little overall change in input costs faced by manufacturers. Declining prices in Austria and Germany were offset by inflation across the rest of the region.

Competitive pressures led to a fourteenth successive monthly fall in output charges, although the latest contraction was marginal and the weakest recorded in the past year.

Finally, confidence about the future continued to pick up during August, reaching its highest level for over two years as firms looked forward to the ongoing recovery from the impacts of the pandemic on economic activity. Italian manufacturers were the most optimistic about the future, whilst French firms were the least confident.

\* Includes intra-eurozone trade.

## Comment

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

*“Eurozone factory output rose strongly again in August, providing further encouraging evidence that production will rebound sharply in the third quarter after the collapse seen at the height of the COVID-19 pandemic in the second quarter. Business expectations for output in a year’s time also rose to the highest for over two years as prospects continued to brighten from the unprecedented gloom seen earlier in 2020.*

*“Caution is warranted in assessing the likely production trend, however, as so far it would have been surprising to have seen anything other than a rebound in output and sentiment. Worryingly, order book growth cooled slightly in August, and there are indications that firms are bracing for a near-term weakening of demand.*

*“Of note, a key theme of the latest survey is one of firms taking a cautious approach to costs and spending, notably in respect to investment and hiring, amid continued worries about the strength of future demand and uncertainty over the course of the pandemic. Producers of investment goods such as plant and machinery reported the weakest order book growth, and job losses remained amongst the most prevalent since the global financial crisis.*

*“Whilst the drop in payroll numbers was led by Germany, France, Spain and Austria reported a reacceleration of job losses and a return to job cutting was seen in Ireland, sending worrying signals that many firms have become more concerned about the near-term outlook.*

*“In short, manufacturing is currently being buoyed by a wave of pent up demand, but capacity is being scaled back. The next few months’ data will be all-important in assessing the sustainability of the upturn.”*

-Ends-

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**Note to Editors:**

The Eurozone Manufacturing *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 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 August 2020 flash was based on 89% 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 <i>PMI</i>	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](mailto:economics@ihsmarkit.com).

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