News Release

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

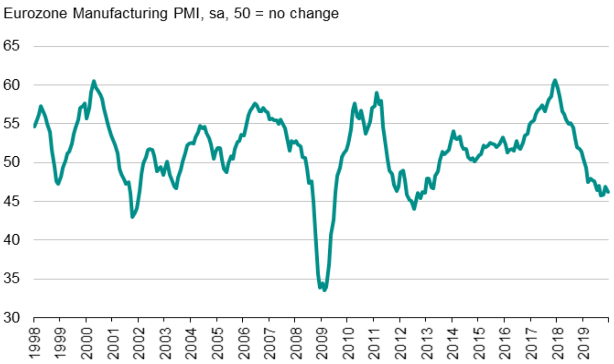
Manufacturing downturn deepens during December

Key findings:

- Final Eurozone Manufacturing PMI at 46.3 in December (Flash: 45.9, November Final: 46.9)
- Accelerated falls in both output and new orders signalled at end of 2019
- Prevalence of spare capacity leads to further job losses

Data collected December 5-16

IHS Markit Eurozone Manufacturing PMI



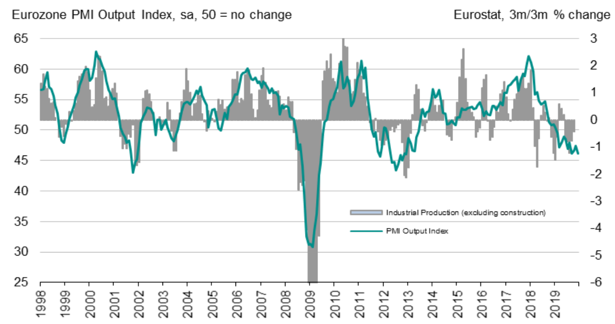
Source: IHS Markit.

Having reached a three-month high in November, the IHS Markit Eurozone Manufacturing PMI® lost momentum in December. Posting 46.3, down from 46.9 but slightly better than the earlier flash reading of 45.9, the PMI remained below the crucial 50.0 no-change mark for an eleventh successive month. Highlighting the continued underlying weakness in sector performance, the PMI averaged 46.4 in the final quarter, unchanged on the previous quarter's near seven-year low.

Market groups data indicated that manufacturing underperformance was centred on the intermediate and investment goods sectors, with the respective PMIs remaining well inside negative territory. Conversely, marginal growth was recorded in the consumer goods category for the first time since August.

Countries ranked by Manufacturing PMI: December

Greece	53.9	2-month low
France	50.4 (flash: 50.3)	3-month low
Ireland	49.5	3-month low
Netherlands	48.3	80-month low
Spain	47.4	2-month low
Italy	46.2	80-month low
Austria	46.0	unchanged
Germany	43.7 (flash: 43.4)	2-month low



Source: IHS Markit, Eurostat

There was a broad-based softening of PMI figures during December, with seven of the eight countries covered by the survey recording weaker PMI numbers compared to November (the exception being Austria, which registered an unmoved reading).

Germany was again the weakest-performing country, whilst the deteriorations seen in Italy and the Netherlands were the sharpest in over six-and-a-half years. Conversely, growth was sustained to a solid degree in Greece, whilst a marginal gain was seen in France.

Both production and new orders continued to deteriorate markedly during December. Latest data showed output falling for an eleventh successive month and at a rate that matched September's 81-month record. Levels of incoming new work also fell at a sharper rate. That was despite the weakest reduction in new export sales since the start of the year.

With new work continuing to fall, manufacturers were again able to make notable inroads into their existing contracts. Backlogs of work declined for a sixteenth successive month, and at a faster rate compared to November. Spare capacity subsequently weighed on employment, which declined during December for an eighth successive month. Moreover, the rate of job losses was the sharpest recorded by the survey since the start of 2013. In line with recent trends, job shedding remained centred on Germany. Greece, in contrast, saw strong employment growth, with France the only other country not to record lower employment during the month.

Further evidence of general manufacturing retrenchment was provided by purchasing and inventory data. The volume of inputs bought by manufacturers declined during December for a thirteenth successive month, whilst inventories of both inputs and finished goods continued to fall.

With demand for inputs deteriorating, supplier delivery times again improved to a historically marked degree at the end of 2019. Vendor performance has now strengthened for ten months in succession.

Further highlighting supply-side slack was a further fall in input prices, the seventh in consecutive months. Although the weakest since September, deflation remained marked and provided further room for manufacturers to lower their own charges. Latest data showed output prices falling again in December, as they have done in each month since July.

Finally, confidence about the future continued to steadily improve at the end of 2019. Having hit its lowest in over six-and-a-half years during August, expectations about output strengthened to a six-month high during December. Except for France and Greece, sentiment improved across the region.

** Includes intra-eurozone trade.*

Comment

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

"Eurozone manufacturers reported a dire end to 2019, with output falling at a rate not exceeded since 2012. The survey is indicative of production falling by 1.5% in the fourth quarter, acting as a severe drag on the wider economy.

"Although firms grew somewhat more optimistic about the year ahead, a return to growth remains a long way off given that new order inflows continued to fall at one of the fastest rates seen over the past seven years. Firms sought to reduce inventory levels and cut headcounts as a result, focusing on slashing capacity and lowering costs. Such cost cutting was again also evident in further steep falls in demand for machinery, equipment and production-line inputs.

"Only households provided any source of improved demand in December, underscoring how the consumer sector has helped keep the economy out of recession in recent months. The ability of the wider economy to avoid sliding into a downturn in the face of such a steep manufacturing contraction remains a key challenge for the eurozone as we head into 2020."

-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 December 2019 flash was based on 87% 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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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.