News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Flash Eurozone PMI®

Eurozone business bucks virus impact as growth hits six-month high

Key findings:

- Flash Eurozone PMI Composite Output Index(1) at 51.6 (51.3 in January). 6-month high.
- Flash Eurozone Services PMI Activity Index(2) at 52.8 (52.5 in January). 2-month high.
- Flash Eurozone Manufacturing PMI Output Index(4) at 48.4 (48.0 in January). 8-month high.
- Flash Eurozone Manufacturing PMI(3) at 49.1 (47.9 in January). 12-month high.

Data collected February 12-20

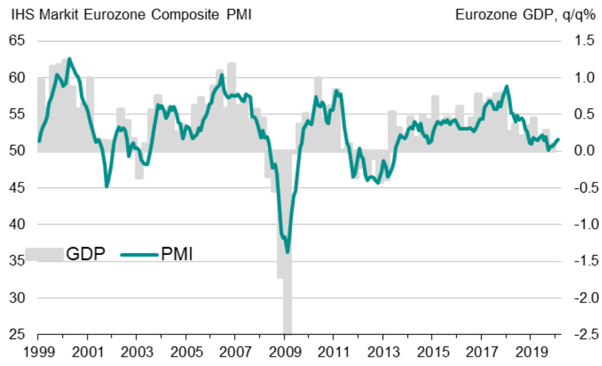
The eurozone economy grew at its fastest rate in six months during February, according to flash PMI® data. Although remaining weak, the rate of expansion accelerated for a third straight month despite signs of demand being dampened and production being stymied by the coronavirus outbreak.

At 51.6 in February, the 'flash' IHS Markit Eurozone Composite PMI rose from 51.3 in January to indicate the largest monthly increase in business activity since last August. Growth was centered on the services sector, where business grew at the joint-fastest rate seen over the past six months. Manufacturing meanwhile remained in decline, although the rate of contraction in output eased to the mildest seen over the past eight months.

The overall rate of expansion remained only modest, however, largely due to subdued new business growth. New orders rose at a rate equal to January's seven-month high, yet the rise was insufficient to prevent backlogs of work continuing to decline slightly, hinting at persistent excess capacity.

Inflows of new business into the service sector grew at a fractionally weaker rate than seen in the prior two months, the slowdown in part linked to travel, tourism and some areas of business reportedly being disrupted by the coronavirus outbreak.

IHS Markit Eurozone PMI and GDP



Sources: IHS Markit, Eurostat.

New orders placed at manufacturers meanwhile fell for a seventeenth successive month. More encouragingly, the overall drop in factory orders was the smallest for 15 months as firming demand from domestic customers helped offset a stronger decline in export* orders.

A notable development constraining manufacturing in February was a marked lengthening of supplier delivery times, with delays for inputs the most widespread since December 2018, attributed in many cases to supply chain issues arising from the COVID-19 outbreak.

The ongoing relative weakness of new business growth meant employment continued to rise at a weaker pace than seen throughout most of last year, sustaining the softest spell of job creation seen for five years, albeit with the rate of job creation still up on December's low. Service sector payroll gains slipped to a 13-month low, but job losses in manufacturing eased to the lowest for three months.

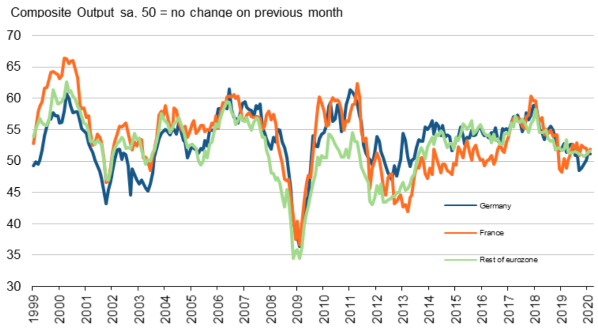
The flash February PMI data also showed inflationary pressures cooling slightly. Average input prices rose at a pace slightly weaker than January's eight-month high, while average selling prices for goods and services rose at the joint-slowest rate for over three years. Inflation trends continued to vary by sector: service sector costs and prices rose but factory costs and charges continued to fall, with average prices charged for goods dropping at the fastest rate for almost four years.

Finally, expectations of output growth over the coming year dipped from January's 16-month high, though remained well above the average seen in 2019 and up markedly from the low plumbed last August. Sentiment softened in both services and manufacturing.

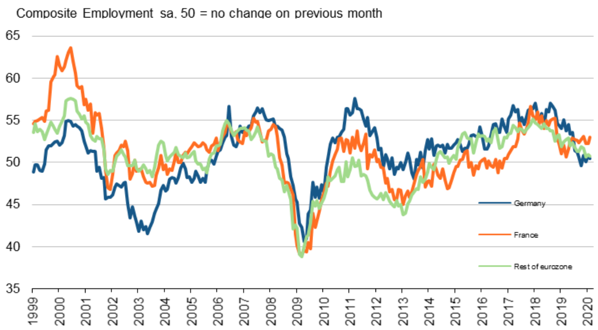
The flash estimate is typically based on approximately 85% of the final number of replies received each month, covering all countries included in the final PMI readings. However, only national data for France and Germany are published.

*Includes intra-eurozone trade.

Core v. Periphery PMI Output Indices



Core v. Periphery PMI Employment Indices



Source: IHS Markit

Comment

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

"The eurozone economy managed to pick up some momentum again in February despite many companies having been disrupted in various ways by the coronavirus, which caused supply problems and showed signs of hitting travel and tourism numbers in particular. The flash PMI has climbed to a six-month high, consistent with GDP growing at a quarterly rate approaching 0.2%.

"The expansion is being led by welcome resilience in the service sector but manufacturing is also showing encouraging signs of pulling out of the downturn that has plagued producers for over a year, with new orders falling at the slowest rate since late-2018.

"However, the outlook remains highly uncertain, notably in respect to the potential for further disruptions to supply chains, travel, tourism and demand arising from the coronavirus outbreak. In particular, the widespread delivery delays seen in February bode ill for production in March unless new deliveries can be secured.

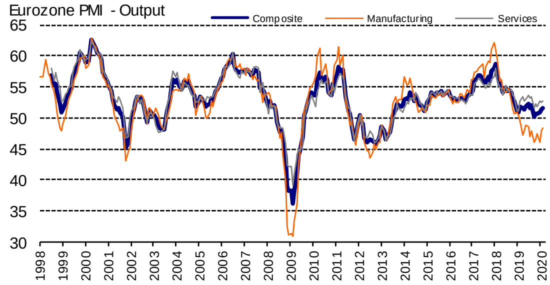
"While the February survey data are welcome news in a month in which media headlines have been dominated by fears of economic growth being hit by the COVID-19 outbreak, the full immediate impact may not yet be apparent."

-Ends-

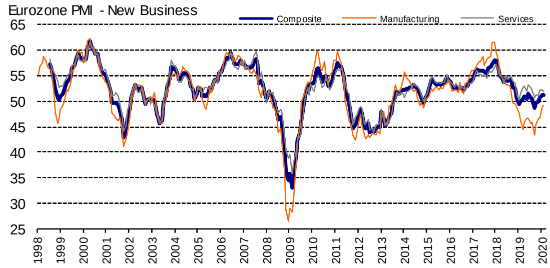
Summary of February data

Output	**Composite**	**Rate of output growth at six-month high.**
	Services	Activity increases modestly.
	Manufacturing	Slower decline in manufacturing production.
New Orders	**Composite**	**Modest rise in new business.**
	Services	New order growth sustained.
	Manufacturing	Slowest fall in new orders since November 2018.
Backlogs of Work	**Composite**	**Backlogs of work continue to fall.**
	Services	Broadly no change in outstanding business.
	Manufacturing	Work-in-hand declines.
Employment	**Composite**	**Employment rises further.**
	Services	Rate of job creation remains solid.
	Manufacturing	Staffing levels decline again in February.
Input Prices	**Composite**	**Input cost inflation eases slightly.**
	Services	Slightly weaker rise in input costs.
	Manufacturing	Ninth successive reduction in input prices.
Output Prices	**Composite**	**Further modest increase in output prices.**
	Services	Output charges rise modestly.
	Manufacturing	Strongest fall in output prices since April 2016.
PMI[(3)]	Manufacturing	PMI at 12-month high of 49.1.

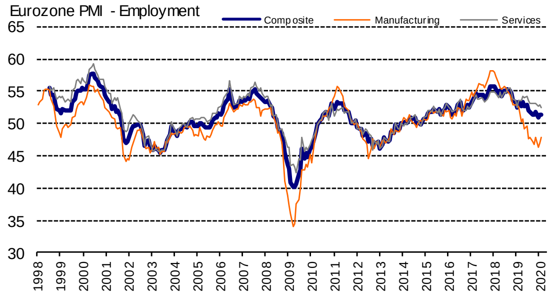
Output



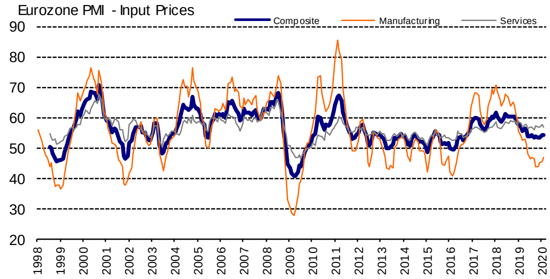
New business



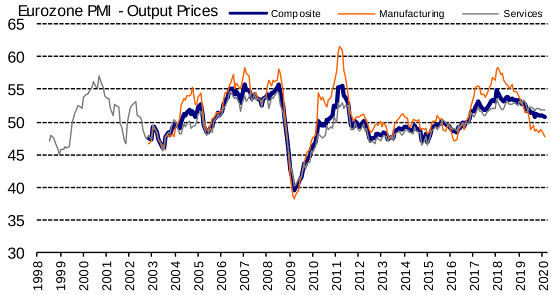
Employment



Input prices



Output prices



Source: IHS Markit.

News Release

For further information, please contact:

IHS Markit
Chris Williamson, Chief Business Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@ihsmarkit.com

Katherine Smith, Public Relations
Telephone +1 781 301 9311
E-mail katherine.smith@ihsmarkit.com

Note to Editors:

Final February data are published on 2 March for manufacturing and 4 March for services and composite indicators.

The Eurozone *PMI*® (*Purchasing Managers' Index*®) is produced by IHS Markit and is based on original survey data collected from a representative panel of around 5,000 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Composite Output Index[1]	0.0	0.2
Eurozone Manufacturing *PMI*[3]	0.0	0.1
Eurozone Services Business Activity Index[2]	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.

Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

About IHS Markit (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.

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.