

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 2<sup>nd</sup> November 2020**

## IHS Markit Eurozone Manufacturing PMI® – final data

### Eurozone manufacturing growth continues to strengthen in October

**Key findings:**

- Final Eurozone Manufacturing PMI at 54.8 in October (Flash: 54.4, September Final: 53.7)
- Germany drives sharper rises in regional output and new orders
- Backlogs rise markedly, but firms continue to cut employment in October

Data collected 12-23 October

**Countries ranked by Manufacturing PMI: October**

Germany	58.2 (flash: 58.0)	31-month high
Austria	54.0	23-month high
Italy	53.8	31-month high
Spain	52.5	3-month high
France	51.3 (flash: 51.0)	3-month high
Netherlands	50.4	3-month low
Ireland	50.3	2-month high
Greece	48.7	3-month low

**IHS Markit Eurozone Manufacturing PMI**

Eurozone Manufacturing PMI, sa, 50 = no change

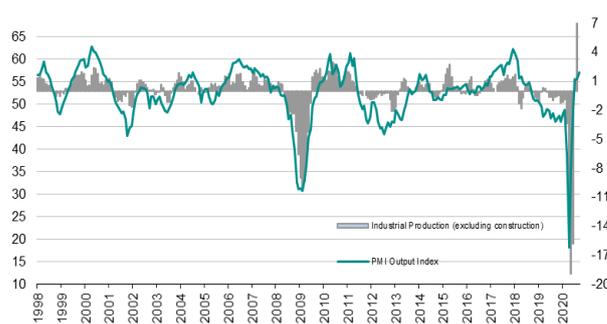


Source: IHS Markit.

The IHS Markit Eurozone Manufacturing PMI® indicated a further improvement in manufacturing sector growth during October. After accounting for seasonal factors, the headline index moved up to 54.8, from 53.7 in September and better than the earlier flash reading. October's number was also the best recorded by the survey for 27 months and maintained the current run of continuous growth that began in July.

Growth was seen across all three market groups during October, albeit to varying degrees. The fastest expansion was seen in investment goods, where growth improved to its highest level for over two years. A solid gain was seen in intermediate goods, but growth weakened to a marginal pace amongst consumer goods producers.

Eurostat, 3m/3m % change      Eurozone PMI Output Index, sa, 50 = no change



Source: IHS Markit, Eurostat

Germany was again the best-performing country, with the respective PMI hitting its highest level for over two-and-a-half years. Austria experienced its best PMI outcome for nearly two years, whilst Italy saw an acceleration in growth to a 31-month high.

Elsewhere, Spain saw a solid expansion, but growth was only modest in France and marginal in both the Netherlands and Ireland. Greece was the only country to record a deterioration in operating conditions.

A fourth successive monthly increase in manufacturing production was recorded during October, with the rate of growth strengthening to its sharpest for over two-and-a-half years. A similarly sized increase in new orders was also recorded, with growth in October the best seen since the start of 2018. Germany led the way in terms of both output

and orders, with growth in the latter a national survey record.

Gains in overall new orders reflected stronger demand from both domestic and external clients. New export business rose at a noticeable rate that was the best recorded by the survey since February 2018.

Sharply rising levels of new business helped to drive growth of work outstanding for a third successive month. Moreover, the rate of increase was the sharpest recorded by the survey since February 2018. Despite this, employment levels continued to be cut, extending the current period of contraction to a year-and-a-half.

Manufacturers raised their purchasing activity at a marked pace during October, with growth the best since early-2018. This raised pressure on suppliers, who struggled to keep up with heightened demand, as evidenced by another notable lengthening of lead times (the sharpest for five months).

Companies subsequently chose to utilise inventories of raw materials and semi-manufactured goods, with latest data showing a twenty-first successive monthly decline in stocks. Inventories of finished goods were also depleted markedly, falling for a fifth successive month.

Price data indicated a third successive monthly increase in average input costs, with the rate of inflation the fastest for 20 months. Firms were able to pass on a proportion of their higher input costs to clients as signalled by a first, albeit marginal, increase in output charges since June 2019.

Looking ahead to future production, business confidence remained positive for a fifth successive month. Italian and German manufacturers were the most optimistic about output over the coming 12 months.

\* Includes intra-eurozone trade.

## Comment

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

*“Eurozone manufacturing boomed in October, with output and order books growing at rates rarely exceeded over the past two decades. However, while the data bode well for production during the fourth quarter, the expansion is worryingly uneven.*

*“By country, Germany was once again the star performer by a wide margin, as factories reported a surge in new orders that surpassed anything previously seen in the survey’s 25-year history. Italy, Spain and Austria also saw encouraging improvements in their recovery rates, but France, Ireland and the Netherlands all reported only modest growth and Greece has slipped back into contraction.*

*“Germany’s outperformance to a large extent reflects the recent pattern of demand growth. While orders for autos, business equipment and machinery have surged as the global economy has revived after lockdowns, benefitting German producers in particular, new orders for consumer goods came close to stalling in October, with exports even showing a renewed decline, blamed on rising COVID-19 infection rates, weakened labour markets and subdued consumer sentiment.*

*“The renewed weakness of consumer-facing businesses serves as a reminder that, while manufacturing as a whole may be booming for now, the sustainability of the recovery will depend on household behaviour returning to normal and labour markets strengthening. Given second waves of virus infections, this still looks some way off.”*

-Ends-

**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 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 October 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).

**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 Manufacturing *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](#).