

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) 23 June 2020**

## IHS Markit Flash Eurozone PMI<sup>®</sup>

### Eurozone downturn slows markedly for second month running in June

#### Key findings:

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 47.5 (31.9 in May). 4-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 47.3 (30.5 in May). 4-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 48.2 (35.6 in May). 4-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 46.9 (39.4 in May). 4-month high.

Data collected June 12-22

The eurozone economic downturn eased markedly for a second successive month in June as lockdowns to prevent the spread of the coronavirus disease 2019 (COVID-19) outbreak were further relaxed, according to provisional PMI<sup>®</sup> survey data. The month also saw a continued strong improvement in business expectations for the year ahead.

The flash IHS Markit Eurozone Composite PMI rose further from an all-time low of 13.6 seen back in April, surging to 47.5 in June from 31.9 in May. The 15.6-point rise was by far the largest in the survey history with the exception of May's record increase. The latest gain took the PMI to its highest since February, though still indicated an overall decline in business output.

Output fell again in both manufacturing and services, the latter showing the slightly steeper rate of decline. Both sectors nevertheless reported markedly reduced rates of contraction for a second month running.

The ongoing downturn in output was linked to a fourth consecutive monthly deterioration of inflows of new business, which in turn contributed to a further steep decline in backlogs of orders for companies to work through. However, rates of

#### IHS Markit Eurozone PMI and GDP



Sources: IHS Markit, Eurostat.

decline of both new orders and order book backlogs moderated considerably during the month.

For those companies continuing to report falling output and order books, the pandemic was again by far the most commonly cited cause. The persistent closure of non-essential business, notably in hotels, restaurants, travel and tourism and other consumer-facing sectors, continued to be widely reported as many social distancing measures remained in place. Many other companies reported weakened demand as business and consumer customers remained cautious with respect to spending.

However, COVID-19 containment measures eased considerably across the eurozone during the month, helping many firms reopen and driving improved demand for many goods and services.

The relaxation of some lockdown measures, and planned further easing in coming months, also helped propel business sentiment for the coming year to its highest since February. The number of optimists exceeded pessimists for the first time in four months. Sentiment improved markedly in both manufacturing and services, resulting in the

second-largest rise in the output expectations index since comparable data were first available in 2012.

Jobs were cut on balance, however, for a fourth successive month in June as firms continued to worry about the lack of demand. While rates of job losses moderated in both sectors for a second month in a row, taking the rate of job shedding to its lowest in the current sequence, factory headcounts continued to be reduced at an especially marked rate as producers scaled-back operating capacity.

Average prices charged for goods and services meanwhile fell for a fourth month running as firms once again reported widespread discounting to boost sales, though the rate of deflation continued to cool from April's near-11-year record as some companies reported improved pricing power. The resulting overall fall in prices was the smallest seen over the past four months.

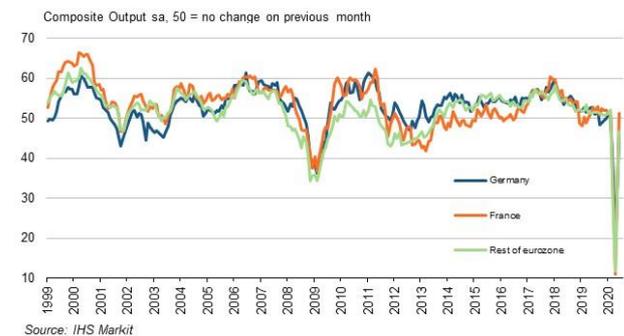
Average input prices across manufacturing and services increased for the first time since February, driven principally by rising wage pressures. Average prices paid for inputs in manufacturing continued to fall sharply amid weak demand, albeit dropping to the least extent since February.

By region, France led the improvement with output returning to growth for the first time since February, fueled by a surge in manufacturing production. Germany lagged behind, reporting a steeper fall in output than the rest of the region outside of France and Germany. However, over the past four months Germany has seen the shallowest downturn, followed by France, with the rest of the region trailing behind.

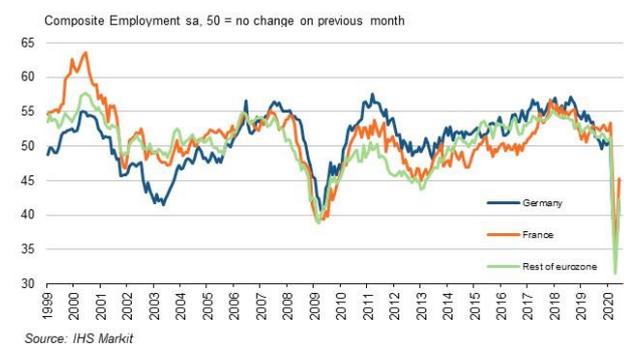
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*The flash estimate is typically based on approximately 85% of the final number of replies received each month, covering all countries included in the final PMI readings. However, only national data for France and Germany are published.*

### Core v. Periphery PMI Output Indices



### Core v. Periphery PMI Employment Indices



### Comment

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

*“The flash eurozone PMI indicated another substantial easing of the region’s downturn in June. Output and demand are still falling but no longer collapsing. While second quarter GDP is still likely to have dropped at an unprecedented rate, the rise in the PMI adds to expectations that the lifting of lockdown restrictions will help bring the downturn to an end as we head into the summer.*

*“France has even staged a tentative return to growth, albeit having suffered a steeper decline at the height of the COVID-19 pandemic than Germany. Germany and the rest of the euro area meanwhile saw welcome moderations in rates of decline.*

*“However, with the timing of a return to normal still something that can only be speculated upon, and virus-related restrictions likely to continue to hit many businesses for the rest of the year, we remain very cautious of the strength and sustainability of any economic rebound.*

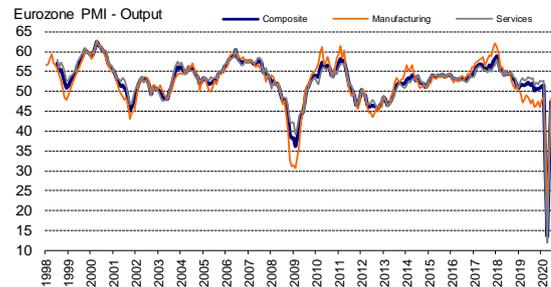
*“The job market remains a particular area of concern, especially if demand fails to pick up sharply in coming months. We therefore continue to expect GDP to slump by over 8% in 2020 and, while the recovery may start in the third quarter, momentum could soon fade meaning it will likely take up to three years before the eurozone regains its pre-pandemic level of GDP.”*

-Ends-

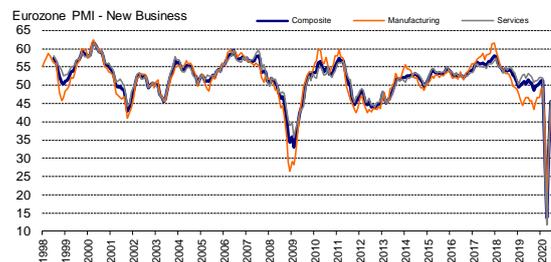
## Summary of June data

<b>Output</b>	<b>Composite</b>	<b>Decline in activity softens.</b>
	Services	Activity continues to fall, but at weaker pace.
	Manufacturing	Modest reduction in output.
<b>New Orders</b>	<b>Composite</b>	<b>Further solid contraction in new business.</b>
	Services	Slower decrease in new orders.
	Manufacturing	Twenty-first successive fall in new work.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Outstanding business down sharply.</b>
	Services	Further marked reduction in work outstanding.
	Manufacturing	Steep decline in backlogs.
<b>Employment</b>	<b>Composite</b>	<b>Rate of job cuts remains marked.</b>
	Services	Employment down for fourth month running.
	Manufacturing	Sharp fall in staffing levels.
<b>Input Prices</b>	<b>Composite</b>	<b>Input prices rise for first time in four months.</b>
	Services	Modest increase in input costs.
	Manufacturing	Input prices decrease again.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices continue to fall.</b>
	Services	Slower reduction in charges.
	Manufacturing	Selling prices down for twelfth month running.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI at four-month high of 46.9.

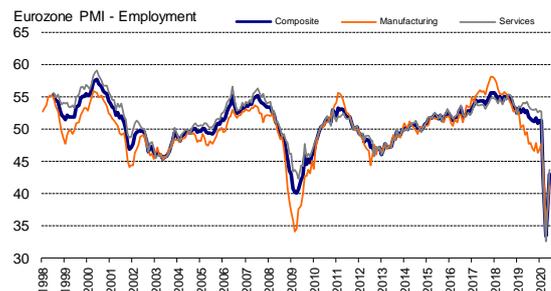
## Output



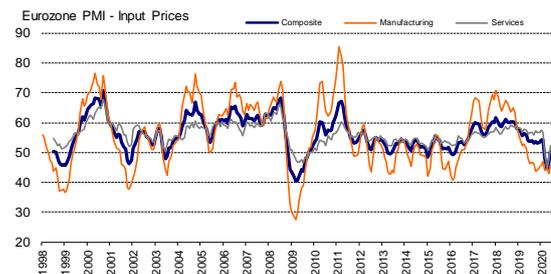
## New business



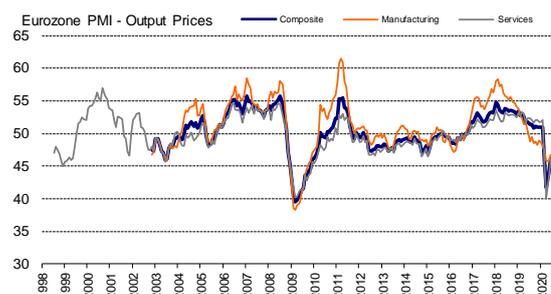
## Employment



## Input prices



## Output prices



Source: IHS Markit.

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**Note to Editors:**

Final June data are published on 1 July for manufacturing and 3 July for services and composite indicators.

The Eurozone *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 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 <sup>1</sup>	0.0	0.2
Eurozone Manufacturing <i>PMI<sup>®</sup></i>	0.0	0.1
Eurozone Services Business Activity Index <sup>2</sup>	0.0	0.3

The *Purchasing Managers' Index<sup>®</sup>* (*PMI<sup>®</sup>*) 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<sup>®</sup>* 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](mailto: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?"

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**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>.

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