

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) April 1<sup>st</sup> 2019**

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

### Greatest contraction of manufacturing sector for nearly six years in March

#### Key findings:

- Final Eurozone Manufacturing PMI at 47.5 in March (Flash: 47.6, February Final: 49.3)
- Biggest monthly decline in new orders since late-2012
- Confidence hits lowest level in over six years

Data collected March 12-22

#### IHS Markit Eurozone Manufacturing PMI

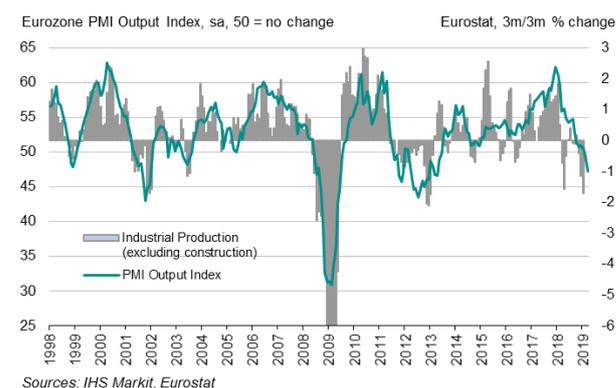


Manufacturing operating conditions in the eurozone deteriorated in March to the greatest degree for nearly six years, according to the latest PMI<sup>®</sup> data from IHS Markit. After accounting for seasonal factors, the IHS Markit Eurozone Manufacturing PMI posted a level of 47.5, down from 49.3 in February and its lowest level since April 2013. March marked a second successive month that the PMI has posted below the 50.0 no-change mark.

The PMI has been on a broadly downward trajectory since reaching a series record high at the end of 2017 and, in March, weakness was primarily centred on the intermediate and investment goods sectors. Both categories registered notable deteriorations in operating conditions which was in stark contrast to consumer goods, where further growth (albeit modest) was recorded.

#### Countries ranked by Manufacturing PMI: March

Greece	54.7	12-month high
Ireland	53.9	2-month low
Netherlands	52.5	33-month low
Spain	50.9	2-month high
Austria	50.0	48-month low
France	49.7 (flash: 49.8)	3-month low
Italy	47.4	70-month low
Germany	44.1 (flash: 44.7)	80-month low



Looking at the latest data by country, the region's three biggest economies all recorded sub-50.0 PMI readings during March. The overall downturn was led by Germany, where operating conditions deteriorated to the greatest degree in over six-and-a-half years. Italy fared little better, with its PMI at a near six-year low. France returned to contraction, having recorded modest growth in the preceding survey period. In contrast, Greece saw its manufacturing sector enjoy its best month of growth in a year and thereby buck the wider regional trend.

The underperformance of the manufacturing economy was closely linked to a deteriorating demand environment. According to the latest data, orders books contracted to the greatest degree since the end of 2012. Export orders\* were down at the sharpest rate since August 2012.

The noticeable drop in demand inevitably weighed on production, with output falling at a marked and accelerated rate (the greatest in nearly six years). Moreover, production was increasingly used to serve existing orders, as evidenced by the greatest deterioration in work outstanding recorded by the survey since November 2012. Firms were also able to add to their warehouse inventories, which rose marginally in March for a sixth successive month.

The deteriorating picture for production and new orders showed signs of spilling over into the labour market during March. Although staffing levels rose compared to February, the increase was marginal and the weakest since November 2014. Net job losses were seen in both Germany and Italy.

Manufacturers made a deep cut to their purchasing activity during March. Latest data showed the biggest net reduction in input buying for just short of six years, with firms signalling a preference for using up existing inventory. March's survey signalled a second successive monthly fall in stocks of purchases.

On the price front, input cost pressures continued to soften as indicated by the weakest rise in input prices for just over two-and-a-half years. A similar trend was seen for output charges, with inflation easing to the slowest since November 2016.

March's developments in orders and production served to depress business confidence during March. Optimism regarding output in 12 months' time deteriorated in March to its lowest level since December 2012. Manufacturers in Germany led the overall slide as sentiment there deteriorated to its most pessimistic level for over six years.

\* Includes intra-eurozone trade.

## Comment

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

*"The March PMI data indicate that the eurozone's manufacturing sector is in its steepest downturn since the height of the region's debt crisis in 2012. The survey is indicative of output falling at a quarterly rate of approximately 1% in March, suggesting that the January rebound from one-off factors late last year seen in the latest official data is likely to prove short lived.*

*"Looking at the forward-looking indicators, downside risks have intensified, and the trend could clearly deteriorate further in the second quarter. New orders are falling at a rate not seen since 2012, and disappointing sales mean warehouses are filling with unsold stock. The orders-to-inventory ratio – a key indicator of the future production trend – is at its lowest for almost seven years. Expectations of output for the coming year are also the gloomiest since 2012.*

*"Concerns over trade wars, tariffs, rising political uncertainty, Brexit and – perhaps most importantly – deteriorating forecasts for the economic environment both at home and in export markets, were widely reported to have dampened business activity and confidence.*

*"Cost cutting has become more evident as firms grow more risk averse, notably with respect to hiring. Job losses were reported in both Germany and Italy, where the downturn in demand is doing the most damage. However, France's manufacturing sector is also now back in decline, Austria's goods-producing sector has stalled, Spain is close to stagnation and growth has lost considerable momentum in the Netherlands, highlighting the increasingly broad-based nature of the current deterioration."*

-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 March 2019 flash was based on 91% 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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