

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL 1000 (CET) / 0900 (UTC) 24 March 2020

IHS Markit Flash Eurozone PMI[®]

COVID-19 outbreak leads to largest collapse in business activity ever recorded

Key findings:

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 31.4 (51.6 in February). Record low (since July 1998).
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 28.4 (52.6 in February). Record low (since July 1998).
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 39.5 (48.7 in February). 131-month low.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 44.8 (49.2 in February). 92-month low.

Data collected March 12-23

The eurozone economy suffered an unprecedented collapse in business activity in March as the coronavirus outbreak intensified, according to provisional PMI[®] survey data.

At 31.4 in March, the 'flash' IHS Markit Eurozone Composite PMI collapsed from 51.6 in February to register the largest monthly fall in business activity since comparable data were first collected in July 1998. The prior low was seen in February 2009, when the index hit 36.2.

While growth had accelerated modestly in the first two months of the year, March saw widespread disruptions to business from increasingly strict measures to contain the spread of the coronavirus 2019 (COVID-19) outbreak.

The services sector was especially hard hit, notably within consumer-facing industries such as travel, tourism and restaurants. The survey's service sector business activity index slumped just over 24 points from 52.6 in February to reach 28.4, surpassing the survey's prior low of 39.2 (recorded in February 2009) by a wide margin.

IHS Markit Eurozone PMI and GDP



Manufacturing saw a less severe, though nevertheless still steep, downturn in production. The survey's gauge of factory output dropped just over nine points, down from 48.7 to 39.5, registering the largest monthly contraction of production since April 2009.

New lows were seen for other survey variables as the virus hit demand for both goods and services. Inflows of new business fell at the sharpest rate yet recorded, linked in part to a record fall in export business*] as cross border trade flows seized up. A record slide in demand for services was accompanied by the sharpest fall in goods orders since April 2009.

Expectations of future output also deteriorated markedly to reach an all-time low, with record degrees of pessimism about the year ahead seen in both manufacturing and services.

The unprecedented slumps in demand and business sentiment prompted the largest monthly cull in staffing levels since July 2009. Service sector jobs were cut at the steepest rate since May 2009, while manufacturers reduced their payroll numbers

to an extent not seen since July 2012.

In addition to demand conditions deteriorating markedly during the month, supply chains also worsened. Since the manufacturing survey began in mid-1997, only one month (May 2000) saw more widespread supply chain delays than reported in March. However, whereas most other times of supply constraints have seen prices rise as demand exceeds supply, March saw industrial prices fall to a degree not seen for four years as companies offered discounts to boost sales and reduce inventories.

Such discounting was also widely reported in the service sector, where average rates charged fell at the sharpest pace since January 2010, aided by input costs showing the smallest increase seen over this period. Lower costs were often linked to falling wage costs and reduced fuel prices.

Taken together, average prices charged for goods and services fell for the first time since August 2016, registering the steepest decline since January 2010.

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.

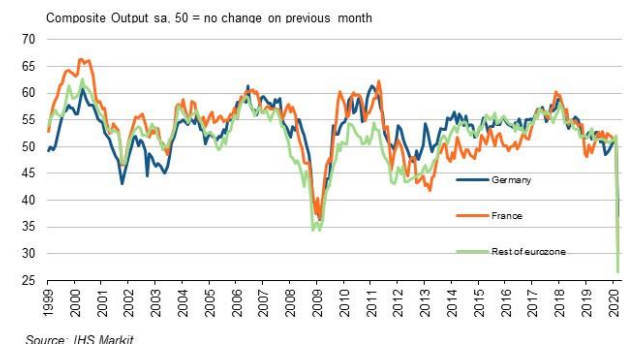
**Includes intra-eurozone trade.*

French business activity contracted at the sharpest rate in nearly 22 years of data collection, the composite flash PMI sliding from 52.0 in February to 30.2. A record decline in service sector activity was accompanied by the sharpest drop in factory production since March 2009.

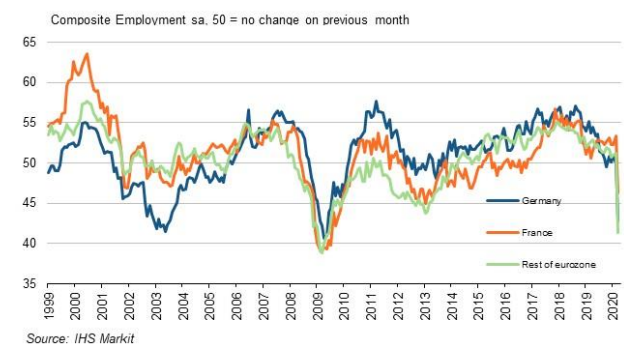
The equivalent index for **Germany** meanwhile plunged from 50.7 in February to 37.2, signalling a weaker downturn than France but still down to its lowest since February 2009. Germany saw a record deterioration of service sector activity and the largest drop in manufacturing output since July 2012.

The **rest of the euro area** reported an even steeper decline than seen in both France and Germany, led by comfortably the sharpest fall in service sector activity ever recorded, though manufacturing output also shrank at the steepest rate for almost 11 years.

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:

“Business activity across the eurozone collapsed in March to an extent far exceeding that seen even at the height of the global financial crisis. Steep downturns were seen in France, Germany and across the rest of the euro area as governments took increasingly tough measures to contain the spread of the coronavirus.

“The March PMI is indicative of GDP slumping at a quarterly rate of around 2%, and clearly there’s scope for the downturn to intensify further as even more draconian policies to deal with the virus are potentially implemented in coming months.

“Demand for many goods and services has fallen dramatically, while near-record supply chain delays have stymied production and business closures mean an increasingly large proportion of the economy is being mothballed.

“Employment is already falling at a rate not seen since July 2009 as despair about the outlook broadens. Business sentiment about the year

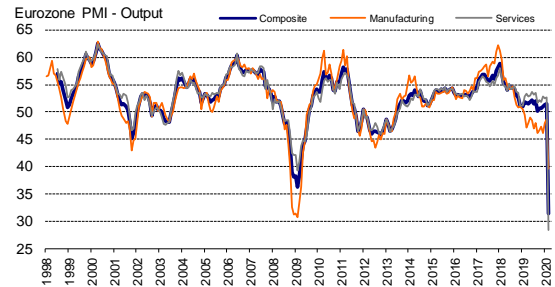
ahead has plunged to the gloomiest on record, suggesting policymakers' efforts to date have failed to brighten the darkening picture.”

-Ends-

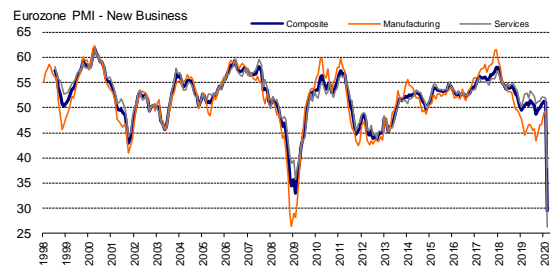
Summary of March data

Output	Composite	Severe decline in output.
	Services	Record fall in business activity.
	Manufacturing	Sharpest reduction in output since April 2009.
New Orders	Composite	Record contraction in new business.
	Services	New orders decline at severe pace.
	Manufacturing	Steepest decline in new work for almost 11 years.
Backlogs of Work	Composite	Sharpest decline for 11 years.
	Services	Steep reduction in backlogs.
	Manufacturing	Rate of depletion fastest for six months.
Employment	Composite	Steepest job shedding since July 2009.
	Services	Sharpest reduction since May 2009.
	Manufacturing	Marked reduction in employment.
Input Prices	Composite	First fall in input costs for four years.
	Services	Fractional increase in input costs.
	Manufacturing	Input costs fall at steepest rate for four years
Output Prices	Composite	Output prices down for first time since August 2016.
	Services	Fastest decrease in charges for over a decade.
	Manufacturing	Ninth successive fall in selling prices.
PMI⁽³⁾	Manufacturing	PMI at 92-month low of 44.8.

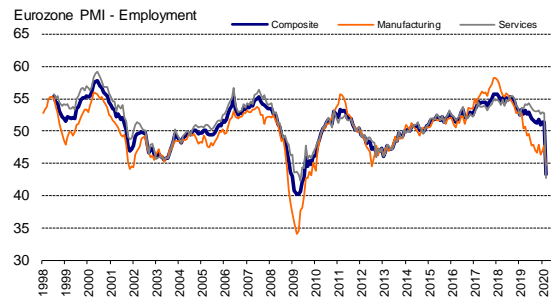
Output



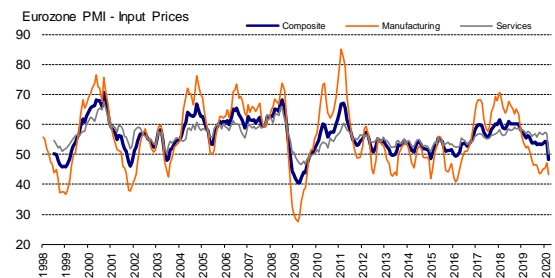
New business



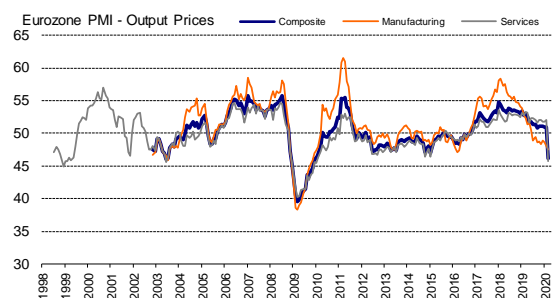
Employment



Input prices



Output prices



Source: IHS Markit.

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 March data are published on 1 April for manufacturing and 3 April for services and composite indicators.

The response rate for March was not affected by shutdowns in place due to the Covid-19 outbreak.

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 <i>PMI[®]</i>	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.

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[®] (*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>.

The intellectual property rights to the Flash Eurozone *PMI[®]* 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[®] and *PMI[®]* are either registered trade marks 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. To read our privacy policy, [click here](#).