

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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IHS Markit Eurozone Manufacturing PMI® – final data

Manufacturing sector continues to contract during April

Key findings:

- Final Eurozone Manufacturing PMI at 47.9 in April (Flash: 47.8, March Final: 47.5)
- Further marked fall in new orders recorded
- Germany continues to lead downturn; Greece expands at fastest rate in nearly 19 years

Data collected April 10-23

IHS Markit Eurozone Manufacturing PMI

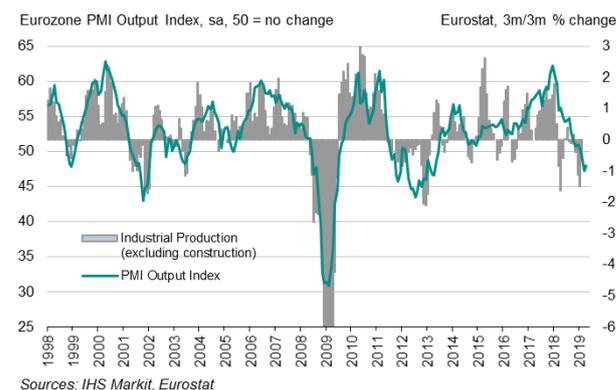


The eurozone's manufacturing sector remained firmly in contraction territory during April. After accounting for seasonal factors, the IHS Markit Eurozone Manufacturing PMI® recorded a level of 47.9, up only marginally on March's near six-year low of 47.5 (and little changed on the earlier flash PMI reading). The PMI has now posted below the 50.0 no-change mark for three months in succession.

In line with recent trends, the capital and intermediate goods sectors remained the principal areas of weakness in April. Both sectors remained firmly inside contraction territory, despite registering slight improvements in their respective PMI numbers. In contrast, the consumer goods sub-category continued to expand, with growth here rising to a modest level.

Countries ranked by Manufacturing PMI: April

Greece	56.6	226-month high
Ireland	52.5	30-month low
Netherlands	52.0	34-month low
Spain	51.8	3-month high
France	50.0 (flash: 49.6)	2-month high
Austria	49.2	49-month low
Italy	49.1	4-month high
Germany	44.4 (flash: 44.5)	2-month high



By country, it was in Germany where manufacturing operating conditions continued to deteriorate the most – and by a notable margin. Although Austria and Italy also recorded sub-50.0 PMI readings, the rates of contraction signalled were marginal and much weaker than Germany's sharp decline.

In contrast, Greece comfortably recorded the strongest improvement in manufacturing operating conditions, with growth reaching its highest level in nearly 19 years. Meanwhile, solid manufacturing gains were seen in Ireland, the Netherlands and Spain, whilst no change was indicated in France.

The volume of new orders received by eurozone manufacturers continued to fall in April. Whilst not deteriorating to the same degree as in March (a 75-month record), the contraction in new work was again sharp.

Moreover, export orders remained a source of demand weakness. Latest data showed export orders* falling at a similarly marked rate to that of total new order books.

A third successive monthly fall in production was signalled by April's data. With the rate of contraction only modest, however, manufacturers were again able to make noticeable inroads into their backlogs of work outstanding. April's survey showed that backlogs were reduced to the greatest degree since November 2012.

Purchasing activity was also reduced in April for a fifth successive month, with the rate of contraction matching March's near six-year record. This helped to further alleviate pressure on vendors, which was reflected by a second consecutive monthly shortening of average delivery times. The improvement in supplier performance was also the strongest seen since August 2012.

Despite the ongoing reductions in production, orders, purchasing and work outstanding, a net increase in employment was recorded during April. Growth was, however, only marginal and trends varied by country. Whilst jobs were added at a 20-year survey record pace in Greece, there was a further net marginal fall in German manufacturing sector employment.

Input price inflation strengthened a little during April, though remained much weaker than rates seen during much of 2017 and 2018. With demand waning and competitive pressures persisting, manufacturers' pricing power was limited. Although output charges increased over the month, they did so only modestly and at the slowest rate for nearly two-and-a-half years.

Finally, looking ahead to the forthcoming 12 months, manufacturers remained confident of a return to output growth. However, the level of optimism remained historically weak and was only slightly higher than March's 75-month low. Notably, confidence amongst German manufacturers remained inside negative territory.

* Includes intra-eurozone trade.

Comment

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

"The manufacturing sector remained deep in decline at the start of the second quarter. Although the PMI rose for the first time in nine months, the April reading was the second-lowest seen over the past six years, signalling a deterioration of overall business conditions for a third successive month. The survey's output index is indicative of factory production falling at a quarterly rate of approximately 1%, setting the scene for the goods-producing sector to act as a major drag on the economy in the second quarter.

"The downturn remains the fiercest in Germany, with Italy and Austria also in decline and France stagnating. Spain's expansion remains only modest.

"Some encouragement can be gained from the PMIs having risen in all four largest euro member states in April, and forward-looking indicators such as future expectations, new order inflows and the orders-to-inventory ratio having all come off their lows. But it remains too early to call a turning point, especially as future sentiment remains around its lowest level since the end of 2012, hinting that the manufacturing downturn will persist in the coming months.

"The surveys continue to see widespread concerns over weak global demand as well as reports of businesses struggling amid rising trade protectionism, Brexit and the subdued auto sector.

"The steepest fall in backlogs of work since late 2012 meanwhile suggests firms will increasingly look for cost-cutting opportunities and exercise increased caution with respect to hiring."

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) 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 April 2019 flash was based on 81% 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.

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