

## MARKET SENSITIVE INFORMATION

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# S&P Global Eurozone Manufacturing PMI®

## Manufacturing output falls for first time since depths of initial COVID-19 lockdowns in 2020

### Key findings:

Final Eurozone Manufacturing PMI at 52.1 (May: 54.6). 22-month low.

Final Eurozone Manufacturing Output Index at 49.3 (May: 51.3). 24-month low.

Data were collected 13-23 June

### S&P Global Eurozone Manufacturing PMI



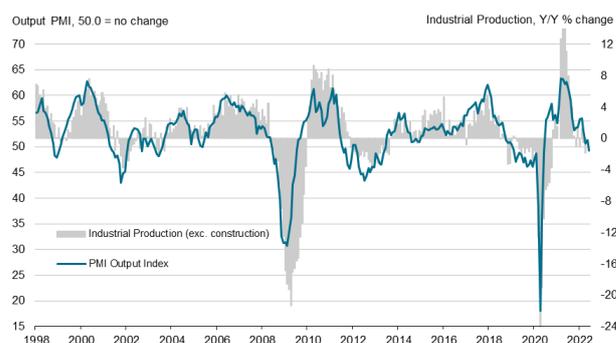
June PMI® survey data showed the eurozone manufacturing economy ending the second quarter on a low as production levels fell for the first time in two years. Evidence of worsening conditions for goods producers was seen across many of the sub-indices of the latest PMI survey as total new business intakes and export orders both declined, while business confidence slid to a 25-month low. Backlogs of work, which have been built up significantly throughout the pandemic, also fell for the first time in almost two years as companies focused on completing unfilled orders due to falling demand.

Elsewhere, there were further tentative signs of supply chains edging closer to stability as input lead times lengthened to the least marked extent in a year-and-a-half. There was also a softening of inflationary pressures as both input costs and output prices rose at slower rates.

The S&P Global Eurozone Manufacturing PMI® fell from 54.6 in May to 52.1 in June, its lowest reading since August 2020 and a fifth consecutive month of decline in the headline measure.

### Countries ranked by Manufacturing PMI: June

Netherlands	55.9	19-month low
Ireland	53.1	16-month low
Spain	52.6	17-month low
Germany	52.0 (flash: 52.0)	23-month low
France	51.4 (flash: 51.0)	18-month low
Austria	51.2	22-month low
Greece	51.1	16-month low
Italy	50.9	24-month low



The slowdown trend seen across the euro area on aggregate reflected a broad-based weakening across all the monitored constituent nations during June. The best-performing country was once again the Netherlands, although growth here slumped to a 19-month low. Compared to May, Austria registered the sharpest slowdown, with its respective Manufacturing PMI falling by over 5 index points. The weakest-performing nation was Italy, which registered its softest upturn in two years.

For the first time since the initial wave of COVID-19 infections in the first half of 2020, June survey data highlighted a decline in eurozone manufacturing output. Weaker demand conditions, the war in Ukraine and persistent supply issues were cited as reasons for lower production.

Another drop in new orders was recorded in June. The rate of decline gathered pace and was the strongest since May 2020. A general slowdown in demand for goods was mentioned by survey respondents, although many commented on the reluctance of clients to place new orders at current price levels. Weakness was also seen in export\* flows during June as overseas new business fell for a fourth

# PMI®

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consecutive month.

There was also growing evidence of businesses looking to control costs as purchasing activity rose at the slowest rate across the current 22-month sequence of growth. A preference to use existing stocks, which firms have aggressively built up in recent months to mitigate supply issues and inflation, was also commonly mentioned.

However, there were signs, albeit limited, of supply-chain conditions stabilising, with the survey's measure of delivery times rising to an 18-month high. Overall, this signalled the fewest incidences of delivery delays since December 2020.

The receipt of previously-ordered items supported continued stockpiling efforts, despite the marked slowdown in purchasing activity growth. Input stocks rose at the fastest rate in five months during June.

For the first time in just shy of two years, euro area manufacturers made inroads into their backlogs of work during June, with faltering demand conditions leading firms to turn their attention to incomplete orders. Employment growth meanwhile slowed to a three-month low.

There was a notable loss of confidence across the euro area manufacturing sector in June. Overall, business sentiment fell to its weakest level since May 2020 as concerns surrounding the global economic outlook and inflation weighed on growth expectations.

Lastly, there was a modest cooling of inflationary pressures in June. Increases in both input costs and output charges were slower when compared to May, with rates of inflation easing to 15- and six-month lows respectively. Nevertheless, price pressures remained historically elevated.

*\*Includes intra-eurozone trade*

Commenting on the final Manufacturing PMI data, **Chris Williamson**, Chief Business Economist at S&P Global Market Intelligence said:

*“Eurozone manufacturing has moved into decline in June, with production dropping for the first time for two years amid a steepening downturn in demand. Orders for goods have fallen at an accelerating rate over the past two months, dropping in June in every country surveyed with the exception of the Netherlands, and even here the rate of growth has weakened markedly in recent months.*

*“Demand is now weakening as firms report customers to be growing more cautious in relation to spending due to rising prices and the uncertain economic outlook.*

*“The downturn looks set to gain momentum in coming months. Inventories of both raw materials and unsold stock are rising due to lower than expected production and sales volumes respectively, hinting that an inventory correction will act as an additional drag on the sector in coming months. Backlogs of work are meanwhile falling, which is often a prelude to firms reducing operating capacity, and business confidence in the outlook has fallen to the gloomiest for just over two years.*

*“Supply for many important inputs also remains constrained, and concerns over energy and food supply have added to nervousness about the future.*

*“One upside to the recent weakening of demand is an alleviation of some supply chain constraints, which has in turn helped cool inflationary pressures for industrial goods. With the survey data indicating an increasing likelihood of the manufacturing sector slipping into a recession, these price pressures should ease further in the third quarter.”*

-Ends-

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## Note to Editors

The Eurozone Manufacturing PMI® (Purchasing Managers' Index®) is produced by S&P Global 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 June 2022 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 PMI	0.0	0.2

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.

S&P Global 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 S&P Global. Please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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## 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>.

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