News Release

MARKET SENSITIVE INFORMATION
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S&P Global Eurozone Manufacturing PMI®

Eurozone manufacturing downturn continues in November but inflationary pressures ease further

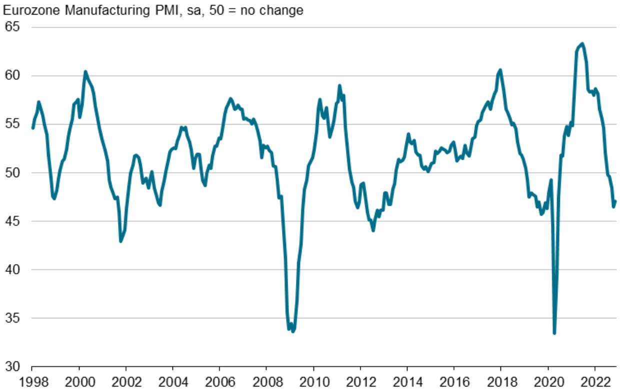
Key findings:

Final Eurozone Manufacturing PMI at 47.1 (Oct: 46.4). 2-month high.

Final Eurozone Manufacturing Output Index at 46.0 (Oct: 43.8). 2-month high.

Data were collected 10-23 November

S&P Global Eurozone Manufacturing PMI



Source: S&P Global.

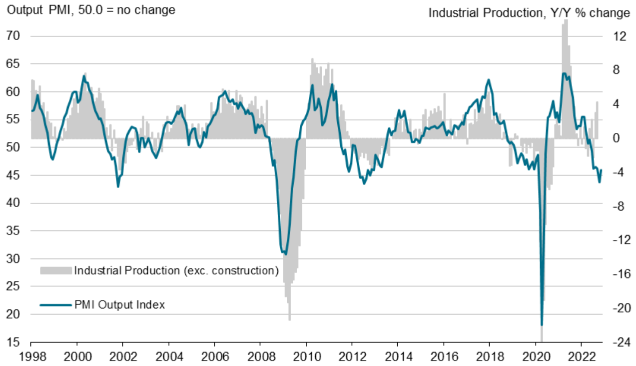
The downturn in the eurozone goods-producing sector continued in November, although rates of decline in output and new orders were less aggressive when compared to the near two-and-a-half year records seen in October. There was also a further easing of inflationary pressures, in part due to weaker demand and reduced strain on suppliers.

Nevertheless, November survey data pointed to a solid reduction in output volumes. The level of incoming new orders also fell sharply once again as client demand in markets across the eurozone and other parts of the globe deteriorated. Input purchasing was subsequently reduced to the quickest extent since May 2020 and firms remained pessimistic in their outlook for the next 12 months.

The S&P Global Eurozone Manufacturing PMI® moved slightly higher in November to 47.1, from 46.4 in October. However, by posting another sub-50.0 reading – the fifth in as many months – the headline index signalled a further deterioration in the health of the goods-producing sector.

Countries ranked by Manufacturing PMI: November

Ireland	48.7	30-month low
Italy	48.4	4-month high
Greece	48.4	2-month high
France	48.3 (flash: 49.1)	3-month high
Austria	46.6	Unchanged
Germany	46.2 (flash: 46.7)	2-month high
Netherlands	46.0	29-month low
Spain	45.7	2-month high



Source: S&P Global, Eurostat.

All of the monitored eurozone nations (which combined account for roughly 90% of manufacturing activity in the euro area) recorded Manufacturing PMI readings below the crucial 50.0 mark. Ireland and the Netherlands saw performances worsen in November, while the decline in Austria was of equal strength to that seen previously. There was some light relief elsewhere as downturns eased.

Manufacturing output levels fell in November for a sixth straight month. Deteriorating order books were a key reason for lower production, according to surveyed companies. While the rate of decline was solid, it was weaker than October's 29-month record.

A similar trend was seen in new orders midway through the fourth quarter as the slump in demand for eurozone goods eased in severity. Nevertheless, the respective index was well below the 50.0 no-change mark and indicative of a sharp monthly fall. Survey respondents noted a hesitancy among their clients to place orders due to economic uncertainty, sufficient stock levels and high selling prices.

New orders fell at a much quicker pace than output, freeing

PMI® by S&P Global

up resources at eurozone manufacturers to clear work pending completion. This was evidenced by a decrease in the amount of orders outstanding in November, and one that was sharp overall. Still, eurozone manufacturers saw their stocks of unsold goods rise, and at a slightly faster rate. Some customers reportedly postponed orders.

To accommodate reduced production requirements, euro area manufacturers cut their purchasing activity at the sharpest rate in two-and-a-half years. However, this didn't prevent an accumulation of input stocks, which rose for the fourteenth month running. In some cases, warehouses were filled due to the delayed delivery of previously purchased items.

As a consequence of falling input demand, pressure on suppliers eased in November. Delays on deliveries from vendors were at their least marked since August 2020 amid reports of improving material availability.

Easing supply-chain frictions helped alleviate cost pressures for eurozone manufacturers in November. The rate of input price inflation softened notably to its weakest in almost two years. Nonetheless, operating expenses were still elevated as factories grappled with high energy costs.

Softer input cost inflation fed through to output charges, with euro area manufacturers taking a less aggressive approach to their price setting. The overall rate of output price inflation, albeit sharp, was the weakest since March 2021.

Looking ahead, the latest survey data highlighted pessimism towards the 12-month outlook for eurozone manufacturers. Subdued demand conditions, high inflation, the European energy crisis and recession fears weighed on business sentiment. However, this didn't deter companies from expanding their workforces, albeit to the weakest extent since February 2021.

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

"The PMI signals some welcome moderation in the intensity of the eurozone manufacturing downturn in November, which will support hopes that the region many not be facing a winter downturn as severe as previously anticipated by many. However, the survey's production index continuing to run at one of the lowest levels recorded over the past decade. At these levels the survey is indicative of a marked annualised rate of contraction of approximately 4%. While official manufacturing data have been more buoyant – and more volatile – in recent months, such weak PMI readings have always been followed by commensurate steep declines in the official statistics.

"There also seems to be no immediate respite in sight for the plight of manufacturers, given that order books continue to deteriorate at a worryingly steep pace, contracting at a far faster rate than firms are cutting production. Inventories of unsold stock are therefore rising further and follow on from the largest build-up of finished goods inventories in the quarter century history of the survey in recent months. Such a stock build-up will inevitably be followed by further production capacity cuts, absent a revival in demand.

"A consequence of the recent inventory build-up and softening of demand has been a major pull-back in purchases of inputs by manufacturers, which has in turn taken pressure off supply chains. Supplier delivery times lengthened in November to the smallest extent since August 2020, and are now even improving in Germany. This improvement in supply is an important signal of a shift from a sellers' to a buyers' market, and is hence being accompanied by a significant cooling of industrial price pressures.

"Looking ahead, future output expectations have picked up slightly on improved supply chain and energy market signals, the latter buoyed by warmer than usual autumn weather, but confidence remains amongst the lowest seen over the past decade. How manufacturers fare over the winter months will of course be conditional to a large extent on the weather, with any cold snaps likely to fuel concerns over energy resources and potentially hitting production and supply chains further."

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News Release

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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 November 2022 flash was based on 90% 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.

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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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