News Release

MARKET SENSITIVE INFORMATION
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S&P Global Eurozone Manufacturing PMI®

Factory output rises slightly and input prices fall in March amid survey-record improvement in suppliers' delivery times

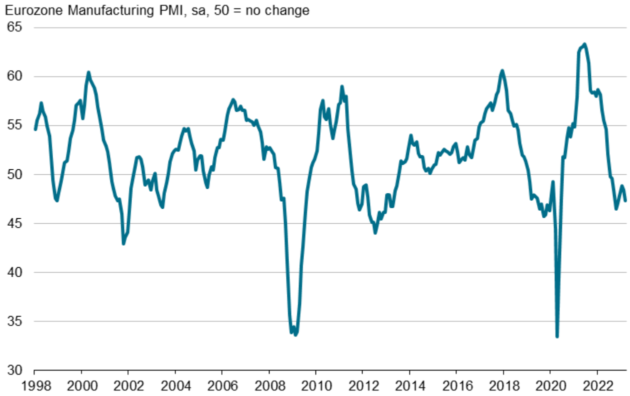
Key findings:

Final Eurozone Manufacturing PMI at 47.3 (Feb: 48.5). 4-month low.

Final Eurozone Manufacturing Output Index at 50.4 (Feb: 50.1). 10-month high.

Data were collected 10-24 March

S&P Global Eurozone Manufacturing PMI



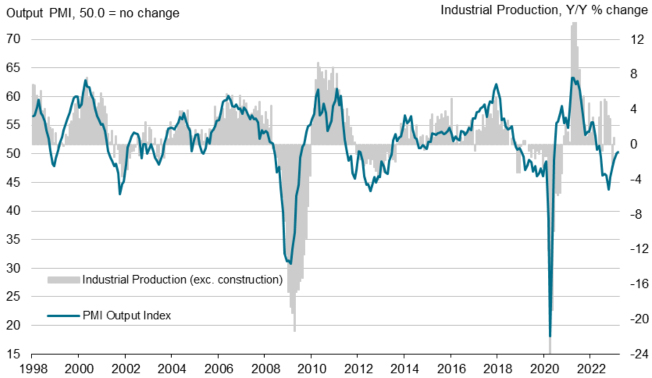
Source: S&P Global.

Manufacturing production across the euro area grew marginally during March, but nonetheless signalled the strongest monthly performance in factory output since May last year. Eurozone factory order books continued to shrink at the end of the first quarter, but a survey-record shortening in suppliers' delivery times boosted the supply of critical raw materials and components, thereby supporting greater production levels. Additionally, reflecting the receding supply constraints, eurozone manufacturers recorded a decline in average input prices during March for the first time since the early stages of the COVID-19 pandemic in 2020.

The S&P Global Eurozone Manufacturing PMI® posted 47.3 in March, down from 48.5 in February to a four-month low. While indicative of a sharper deterioration in the health of the euro area manufacturing sector, much of the month-on-month decline was due to the Suppliers' Delivery Times Index (which is inverted in the calculation of the headline PMI) surging to a survey-record. The key sub-components of the headline indicator measuring factory health such as output, new orders and employment were little-changed on the whole.

Countries ranked by Manufacturing PMI: March

Greece	52.8	10-month high
Spain	51.3	9-month high
Italy	51.1	2-month low
Ireland	49.7	3-month low
France	47.3 (flash: 47.7)	5-month low
Netherlands	46.4	4-month low
Germany	44.7 (flash: 44.4)	34-month low
Austria	44.7	34-month low



Source: S&P Global, Eurostat.

The most robust manufacturing sector performances at the national level were once again seen outside of the 'big two' of Germany and France during March. Greece saw the strongest improvement, followed by Spain and Italy. Headline PMIs for Germany and Austria fell to their lowest in almost three years although, as was the case at the aggregated eurozone level, this primarily reflected a considerable shortening of average supplier lead times.

The latest survey data signalled a further shrinking of manufacturing order books across the eurozone. The volume of incoming new work fell for an eleventh month running, with the rate of decline solid and broadly unchanged since February. New export[1] orders also fell again in March, although the contraction was the softest since mid-2022.

Due to lower production requirements, eurozone manufacturers continued to reduce their purchases of inputs during the latest survey period. The decrease was strong overall, but the weakest for six months. Stocks of purchases subsequently fell, marking a second successive monthly drawdown, and one that was the quickest since May 2021.

PMI® by S&P Global

With production levels rising, but new orders falling, eurozone manufacturers were able to process outstanding business at a faster rate in March. The rate of backlog depletion was sharp overall. Furthermore, the volume of warehoused finished goods also rose during the latest survey period to the greatest extent in four months. Austrian and German manufacturers led the expansion in post-production inventories, country-level data showed.

Weak demand and reduced production requirements were central factors which helped to alleviate supplier bottlenecks during March. In fact, average vendor delivery times shortened to the greatest extent in the survey history (since June 1997) as falling demand for raw materials freed up supplier capacity.

Improved availability of items, in tandem with falling input demand, reportedly led vendors to reduce their prices charged. This, alongside reports of lower energy costs, led to the first decrease in average manufacturing input prices for almost three years during March. Factory gate charges continued to rise, but the rate of output price inflation eased to a 26-month low and was only marginally stronger than its historical average.

Meanwhile, the latest survey data continued to signal rising staffing levels across the eurozone manufacturing sector. The rate of job creation was modest and little-changed since February. There was a slight easing of business confidence, however, with the overall level of optimism dipping slightly to a three-month low.

[1] *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 remains in troubled waters, with factories reporting a fall in demand for goods for an eleventh straight month amid the surging cost of living, tighter monetary policy, a shift to inventory destocking and subdued customer confidence.

"Fortunately, a record improvement in supplier lead times and greater input availability has allowed firms to fulfil orders placed in prior months, meaning output has been broadly flat over the past two months. However, this current level of output is clearly not sustainable, and it is inevitable that production will weaken in the coming months unless order book growth revives.

"In the meantime, the lack of demand has led to a major shift in pricing power away from the seller to the buyer. Lower energy prices are also helping to drive down costs, hence prices paid for inputs by factories are now falling sharply on average, dropping for the first time since demand collapsed in the initial pandemic lockdowns of 2020. These lower costs are feeding through to slower increases in selling prices, which should in turn feed through to lower prices paid for goods by consumers."

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Contact

S&P Global Market Intelligence
Chris Williamson
Chief Business Economist
Telephone +44-207-260-2329
Email: chris.williamson@spglobal.com

Joe Hayes
Senior Economist
Telephone +44-1344-328-099
Email: joe.hayes@spglobal.com

Sabrina Mayeen
Corporate Communications
Telephone +44-7967-447-030
Email sabrina.mayeen@spglobal.com

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 March 2023 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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