

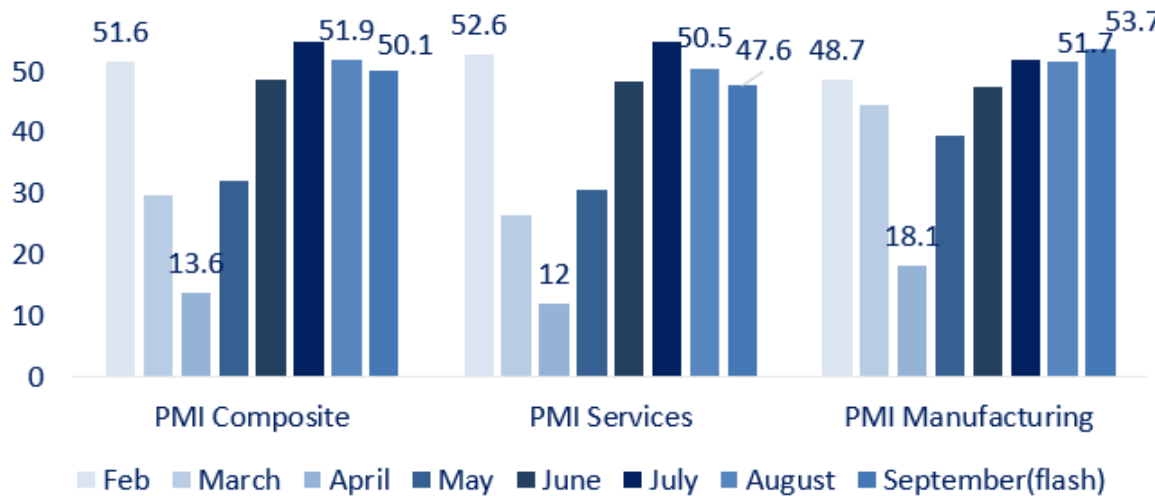
Market Update – Business Sentiment

30 September 2020

Rise in Covid-19 cases increasingly threatens to derail recovery, despite ongoing manufacturing strength

Purchasing Managers' Index, Eurozone, 11-22 September

Source: IHS Markit



Manufacturing output growth accelerated in September to the fastest since February 2018, fueled by the largest rise in new orders seen over this period.

Germany continues to lead the recovery, whereas business activity in France deteriorated for the first time in four months. Declines in business activity, in particular services, are accelerating across the rest of the Eurozone.

Job cuts remain at the highest level since June 2013, though moderation pace since April's peak continues.

UK's composite PMI dropped to 55.7 in September, down from 59.1 in August.

Purchasing Managers Index (PMI) measures whether senior executives of private companies are observing growth or contraction. It measures how broad-based the recovery is rather than pace of growth and is considered one of the leading early indicators of GDP growth. A PMI above 50 indicates growth, a PMI below 50 indicates a decline.

Chris Williamson, Chief Business Economist at IHS Markit: *"The eurozone's economic recovery stalled in September, as rising COVID-19 infections led to a renewed downturn of service sector activity across the region. A two-speed economy is evident, with factories reporting that production growth was buoyed by rising demand, notably from export markets and the reopening of retail in many countries."*

Bert Colijn, Eurozone Economist at ING: *"The recovery is under more pressure than previously thought. For governments and ECB this (PMI figures) will be a wake-up call, if they needed one."*