

News Release

EMBARGOED UNTIL: 00:01 (UK Time), 13th July 2015

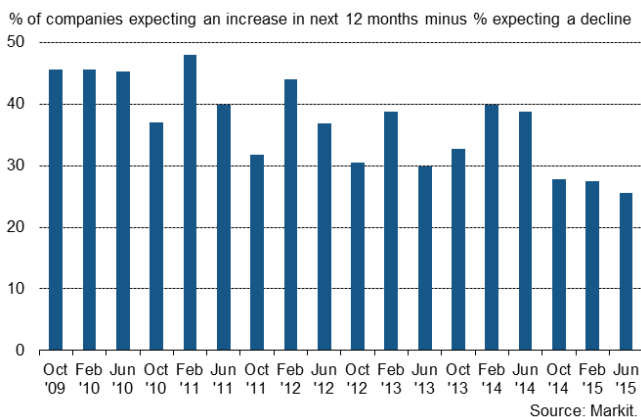
Markit Global Business Outlook

Emerging market malaise drags global business confidence to post-crisis low

- **Global confidence about the year ahead at its lowest since early-2009**
- **Emerging market optimism hits new low amid weaker optimism in China, India and collapse in Brazil**
- **US optimism unchanged at post-recession low**
- **Downturn in Japan's outlook leaves UK as only major developed economy seeing brighter prospects**

Data collected 12-26 June 2015

Global business activity future expectations



The Markit Global Business Outlook Survey, which looks at expectations for the year ahead across 6,500 companies, found corporate optimism to have dipped to a post-financial crisis low in June.

The number of companies expecting their business activity levels to rise over the coming year outnumbered those expecting a decline by 26%, but that's down from a net balance of +39% this time last year, with optimism having steadily waned over the course of the past 12 months.

Confidence among the largest emerging market economies sank to a new low in the survey's six-year history, and held at a post-recession low in the US. In the developed world, only the UK saw improved sentiment about the year ahead.

US optimism stuck at post-recession low

Optimism in the US – which has been a major driver of the global economic recovery in recent years – remained stuck at the post-recession low seen in the prior (February) survey, with a net balance of +24%. Confidence picked up slightly in services but fell to a new low in manufacturing, where firms expect to continue to be hit by the strong dollar. The prospect of rising interest rates and increased government regulation were also commonly cited threats for business over the coming year.

UK optimism highest of all major countries

Of the major economies, **UK** firms remained the most buoyant about the year ahead, with optimists exceeding pessimists by some 59%, the highest reading for a year. Service sector firms saw a particular upturn in confidence, largely reflecting an easing of uncertainty following the general election result. However, UK firms cited concerns over 'Brexit', 'Grexit', higher interest rates, government spending cuts and the exchange rate as key threats to the outlook.

Eurozone confidence wanes

In fact, of all the countries surveyed, only **Ireland** saw greater optimism than the UK (a net balance of +67%, unchanged on earlier in the year), highlighting the likelihood of Ireland's economy continuing to boom in 2015. However, although confidence improved in France, to the highest since February 2014 (with a net balance of +23%), optimism fell in **Germany, Italy** and **Spain** (net balances of +37%, +37% and +50% respectively), causing the overall level of confidence across to the **eurozone** to slip from February's one-year high (down from +38% to +36%).

Uncertainty linked to Greece's future in the Eurozone, and the spread of political instability to other countries,

rising costs associated with a weakened euro and the ongoing political situation with Russia were seen as key risks to the single currency's outlook.

Japan sees optimism fade to two-and-a-half year low

Business confidence also fell in **Japan**, down to one of the weakest levels since the financial crisis. The survey net balance of +12% was the lowest seen since late-2012. Sentiment deteriorated in both manufacturing and services, the former sliding to a two-and-a-half year low despite the competitive boost provided by the weakened yen. In fact, the weak yen was commonly cited as a major threat to business over the coming year as costs would be boosted via rising import prices, especially for energy.

Emerging market malaise deepens

Business confidence among the four largest ('BRIC') emerging markets fell to the lowest seen since survey data were first collected in early-2009. **Russia** bucked the trend, with optimism reaching its highest since early-2014, as companies sought to gain from import substitution and some signs of the economy stabilising, but new post-crisis lows were seen in **China, India** and **Brazil**.

China sentiment at new low

Optimism in **China** meanwhile slid to a post-crisis low, led by a drop manufacturing sentiment to its weakest since late-2011. Service sector confidence also deteriorated, hitting a one-and-a-half year low. Companies reported sluggish demand, tough competition, weak pricing power and instability due to recent financial market stress as major threats to the outlook.

Business confidence collapses in Brazil

The lowest degree of optimism anywhere in the world was recorded in **Brazil**, where the number of optimists exceeded pessimists in terms of business activity over the coming year by just 6%, down sharply from +28% in February and an average of 61% over the prior six year survey history. The biggest collapse in confidence was seen in the services sector, though manufacturers' optimism remained stuck at the lowest seen since the height of the global financial crisis in early-2009.

Commenting on the latest survey results, Chris Williamson, Chief Economist at Markit, says:

"The downturn in business confidence about the year ahead highlights how numerous headwinds are acting as drags on the global economy, and hitting the emerging markets in particular.

"A key concern is that the US is playing a reduced role as the main global growth engine. US companies have failed to revive from the weak levels of optimism seen at the start of the year, suggesting the US economy remains in a slower growth phase in 2015.

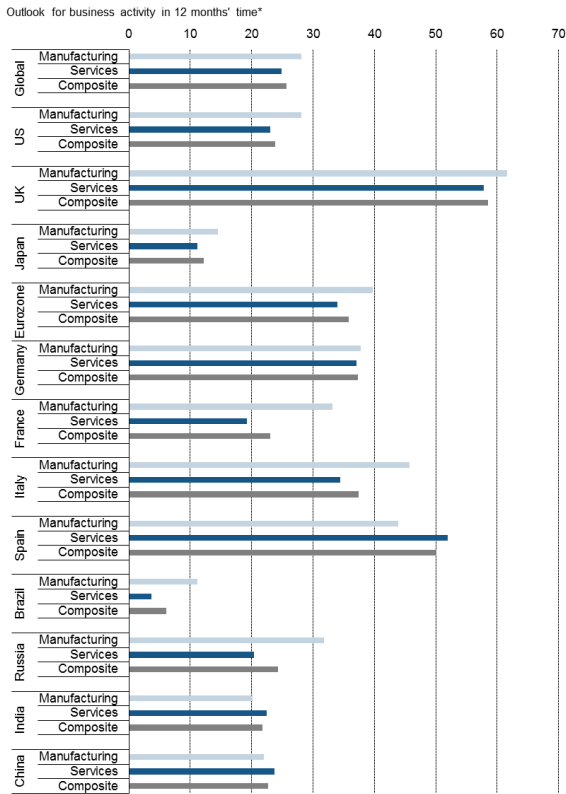
"Alongside slower US growth, the emerging markets are clearly struggling to an extent not seen since the height of the global financial crisis.

"China sits at the heart of the emerging market malaise, with companies less optimistic than at any time since the financial crisis as the economy adjusts to a slower growth trajectory and financial markets show worrying volatility.

"However, the steepest drop in optimism was seen in Brazil, where the commodity slump has hit the economy hard and threatens a deep recession.

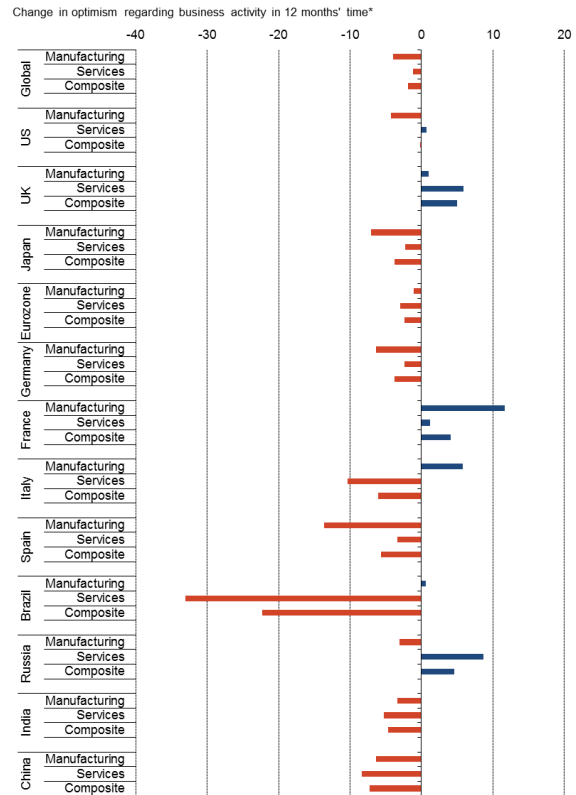
"The UK looks set to outperform its peers, with a post-election upturn in business confidence bucking the wider global trend of deteriorating business sentiment. However, much will of course depend on the fate of Greece, with 'Grexit' worries dampening business optimism across the Eurozone. Although the Greek crisis has so far had little impact on the economies of Europe, companies are citing Grexit as their greatest threat to the outlook."

Business optimism in June



* chart shows net balance of optimists less pessimists in June.

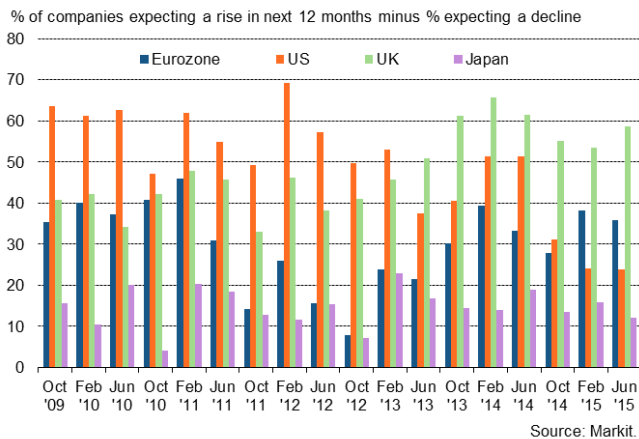
How business activity expectations have changed since February



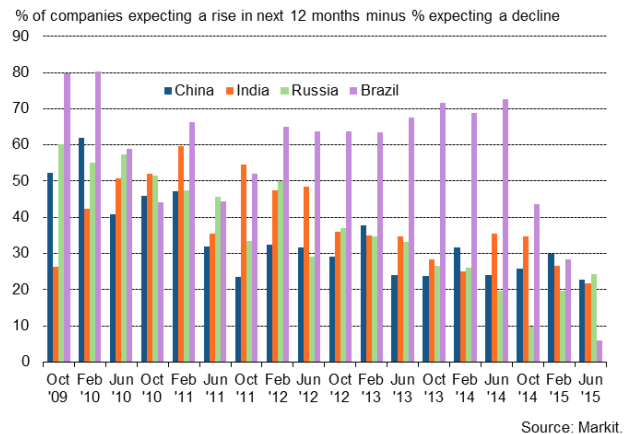
* chart shows net balance of optimists less pessimists in June compared to net balance in February.

Long-term trends in expected future business activity levels in key economies

Key developed economies



Key emerging markets



-Ends-

Full data available on request from economics@markit.com

Contact Information:**Chief Economist**

Chris Williamson
Telephone +44-20-7260-2329
Email chris.williamson@markit.com

Corporate Communications

Joanna Vickers
Telephone +44-207-260-2234
Email joanna.vickers@markit.com

Notes to Editors:

The Global Business Outlook Survey for worldwide manufacturing and services is produced by Markit Economics and is based on a survey of around 11,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October. The latest survey was conducted between June 12 and 26.

The countries covered by the survey are the US, Japan, Germany, the UK, France, Italy, Spain, Ireland, Austria*, the Netherlands*, Greece*, the Czech Republic*, Poland*, Brazil, Russia, India and China. (*Manufacturing only)

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that Markit Economics operates. This methodology seeks to ensure harmonization of data, and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, fax, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0.0 signalling a neutral outlook for the coming twelve months. Values above 0.0 indicate optimism amongst companies regarding the outlook for the coming twelve months while values below 0.0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 11,000 manufacturing and services companies spread across the global economy in the countries mentioned above. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 6,500 firms.

About Markit

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see www.markit.com.

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI™) series, which is now available for over 30 countries and key regions including the Euro zone and BRIC. The PMIs have become one of 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 www.markit.com/economics.

The intellectual property rights to the Business Outlook survey provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.