

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Eurozone Manufacturing PMI® – final data

Eurozone Manufacturing PMI at 32-month high in January

Data collected 13-24 January.

- Final Eurozone Manufacturing PMI at 54.0 in January (52.7 in December)
- Expansion led by Germany, while Greek PMI moves back into expansion territory
- Improving new orders inflows and rising backlogs support renewed job creation

Manufacturing PMI® (overall business conditions)

Eurozone Manufacturing PMI, sa, 50 = no change



Source: Markit.

At 54.0 in January, a shade higher than the flash estimate of 53.9, the seasonally adjusted **Markit Eurozone Manufacturing PMI®** confirmed the strongest rate of expansion in the eurozone manufacturing sector since May 2011. The headline PMI has risen in each of the past four months and has signalled growth since July last year.

The improved performance of manufacturing was underpinned by solid expansions in production, new orders and new export orders, all of which rose at the fastest rates since April 2011. At its current level, the Output Index is signalling quarterly growth of at least 1.0%.

The base of the recovery also broadened in January. Greece's PMI moved back into growth territory for the first time since August 2009, joining the ongoing expansions seen in Germany, Italy, Spain, the Netherlands, Austria and Ireland.

Countries ranked by Manufacturing PMI®: Jan.

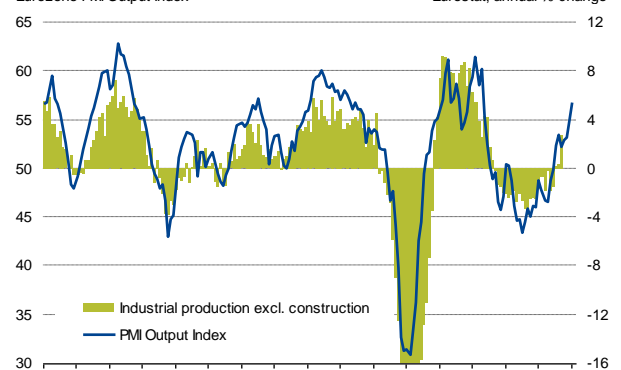
Germany	56.5 (flash 56.3)	32-month high
Netherlands	54.8	3-month low
Austria	54.1	Unchanged
Italy	53.1	2-month low
Ireland	52.8	2-month low
Spain	52.2	45-month high
Greece	51.2	65-month high
France	49.3 (flash 48.8)	4-month high

Manufacturing PMI, sa, 50 = no change



Source: Markit.

Eurozone PMI Output Index



Sources: Markit; Eurostat (via Ecwin)

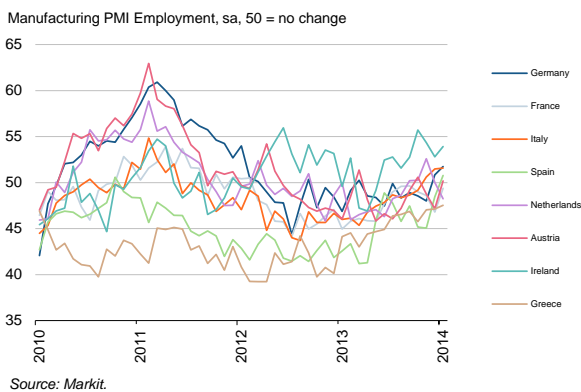
The upturn was led by Germany, where growth hit a 32-month record. Rates of increase also remained solid in the Netherlands and Austria – despite a sharp easing in the Netherlands – while Spain was

the only nation except Germany to see its rate of expansion quicken.

Apart from stabilisation in a number of domestic markets, companies attributed further expansion to rising levels of new export business as global market conditions continued to strengthen. With France and Greece both seeing returns to growth for new export business, all of the nations covered by the survey reported concurrent increases in exports for the first time since May 2011.

Job creation was recorded for the first time in nearly two years during January. Although the pace of growth in payroll numbers was modest, it was still the steepest since September 2011.

Rates of manufacturing job creation accelerated in Germany (two-year record), Italy (32-month high) and Ireland (two-month peak), while employment also rose in Spain and Austria following periods of decline. Meanwhile, job losses slowed in France and Greece, but the Netherlands reported a decrease in staffing levels for the first time in five months.



Higher employment represented a response by manufacturers to improved demand and the sharpest rise in backlogs of work for almost three years, both of which suggested that the expansion in output could run further in the coming months. Signs of rising confidence were also provided by the steepest increase in input purchasing since mid-2011.

Price pressures were relatively muted during January. Input costs rose at the slowest pace for four months. The rate of output price inflation, meanwhile, was only moderate and the weakest since last October. Germany, Italy and Austria were the only nations to report higher selling prices.

Comment:

Chris Williamson, Chief Economist at Markit said:

“The eurozone manufacturing recovery gained significant further momentum in January, with final PMI readings for Germany, France and the region as a whole all exceeding the earlier flash estimates.

“The survey data indicate that manufacturing output across the eurozone is growing at a quarterly rate in excess of 1%, led by Germany, where the rate of increase is perhaps as strong as 3%. Encouragingly, France is also showing signs of stabilising, enjoying a welcome return to export growth, though manufacturing in the eurozone’s second-largest member state remains in overall decline and a drag on the region.

“However, perhaps the most important development in the report is the further revival of manufacturing in the region’s periphery. Both Italy and Spain are seeing robust growth of output and order books, and the Greek PMI’s rise above 50 for the first time since August 2009 is an important signal of how even the most troubled member states are returning to growth.

“The improving economic picture painted by the PMI, which is running at a level consistent with euro area GDP growth of 0.4-0.5% for the first quarter, takes the pressure off ECB policymakers to add more stimulus. Price pressures, and the threat of deflation, will no doubt remain a key concern for the ECB, especially as growth of both input costs and selling prices eased in January.”

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit 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 January flash was based on 84% 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 <i>PMI</i> [®]	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.

Markit 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 revised data are available to subscribers from Markit. Please contact economics@markit.com.

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About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for 32 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 www.markit.com/economics.

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