

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time) 4 April 2013**

## Markit Eurozone Composite PMI<sup>®</sup> – final data

Includes Markit Eurozone Services PMI<sup>®</sup>

### Eurozone downturn intensifies as German economy shows near-stagnation

- Final Eurozone Composite Output Index: **46.5** (Flash 46.5, February 47.9)
- Final Eurozone Services Business Activity Index: **46.4** (Flash 46.5, February 47.9)
- German growth slows to marginal rate

At 46.5 in March, the final **Markit Eurozone PMI<sup>®</sup> Composite Output Index** was unchanged on the flash reading, confirming that the rate of decline in activity accelerated for the second month in a row to reach the fastest since last November.

The PMI shows that output has fallen in each of the past 19 months with the sole exception of a marginal increase at the start of last year.

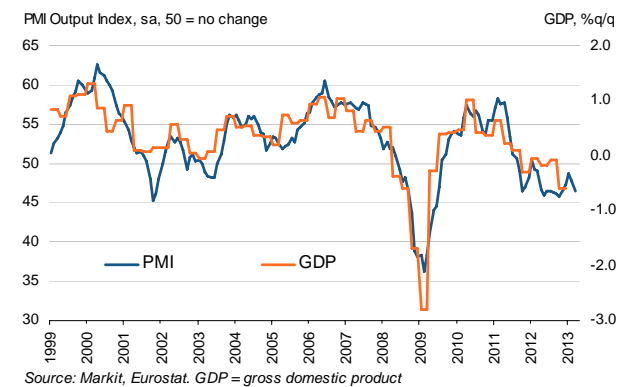
Of the four largest euro nations, France saw the steepest downturn with output falling at the fastest rate for four years, while severe contractions were again recorded in Spain and Italy (albeit with the latter showing a marginal easing in the rate of decline). Only Germany continued to see higher business activity, though even there the rate of expansion slowed sharply to near-stagnation.

Services activity and manufacturing output contracted at similarly steep rates in March, with each seeing the pace of contraction accelerate for a second successive month to the fastest since late last year.

March saw the largest monthly fall in **new orders** since December. New business dropped at the fastest rate since September in the service sector, while manufacturers reported the steepest drop in new orders since December.

New orders fell for the first time in three months in Germany, accompanied by sharp rates of decline in France, Italy and Spain.

**Markit Eurozone PMI and GDP**



#### Nations ranked by all-sector output growth (Mar.)

Ireland	50.8	8-month low
Germany	50.6	3-month low
Italy	44.9	2-month high
Spain	44.8	3-month low
France	41.9	48-month low

**Employment** continued to fall, dropping for the fifteenth consecutive month. However, in contrast to the faster rates of decline for output and new orders, the rate of job cutting eased further from January's three-year record to a nine-month low.

German firms reported the first increase in staffing levels for seven months, while rates of job losses slowed in France, Italy and Spain.

**Prices charged** fell for the twelfth successive month, dropping at a similar rate to that seen in recent months. Input costs meanwhile continued to rise, though the rate of inflation was only modest and slowed to the weakest since July.

## Services:

The **Services Business Activity Index** fell from 47.9 in February to 46.4 in March, slightly below the flash estimate of 46.5 and the lowest reading since last October.

The latest reading means the Eurozone service sector contracted for the fourteenth successive month in March, with activity falling in response to the steepest monthly drop in new business since last September.

Growth slumped to near-stagnation in Germany, registering the weakest expansion seen in the current four-month growth sequence, while the French services sector shrank at the fastest rate since February 2009. Downturns moderated in both Spain and Italy, but remained severe by historical survey standards.

Encouragingly, **business expectations** about the year ahead rose to a two-month high, improving on the drop in confidence signalled by the flash reading and despite heightened concerns about Cyprus towards the end of the month. Optimism rose to a 21-month in Germany and hit 12- and 11-month highs in Italy and Spain respectively. French firms, in contrast, were the most pessimistic for over four years.

Service sector **employment** fell for the fifteenth consecutive month, though the rate of job losses was the slowest since last August. Employment grew at the fastest rate for seven months in Germany while rates of decline slowed in France, Italy and Spain.

**Average input costs** rose at the slowest rate since July 2010, linked to falling fuel and wage pressures, helping service providers stimulate demand by reducing their average **selling prices** for the sixteenth successive month. Only German firms reported higher selling prices.

## Comment:

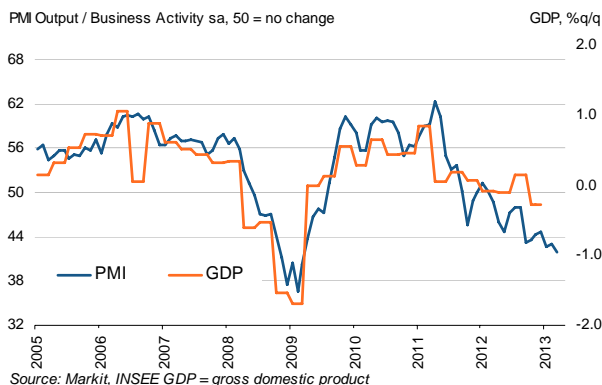
**Chris Williamson, Chief Economist at Markit** said:

*“The drop in business activity in March rounds off another quarter of decline. While the first quarter contraction is likely to have been less steep than the 0.6% decline seen in the final quarter of last year, the concern is that the Eurozone downturn shows no signs of ending.*

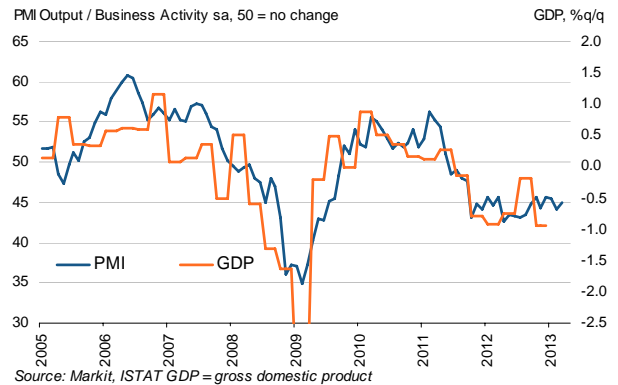
*“The recession is deepening once again as businesses report that they have become increasingly worried about the region’s debt crisis and political instability. The unresolved election in Italy was commonly cited as a key factor clouding the economic outlook in March, and the botched bail-out of Cyprus could well filter through to a further worsening of business sentiment across the region in April.*

*“While March saw severe and painful downturns persisting in Italy and Spain, a stronger rate of decline was recorded in France and growth almost stalled in Germany, which suggests that the only source of bright light in an otherwise gloomy region has once again begun to fade.”*

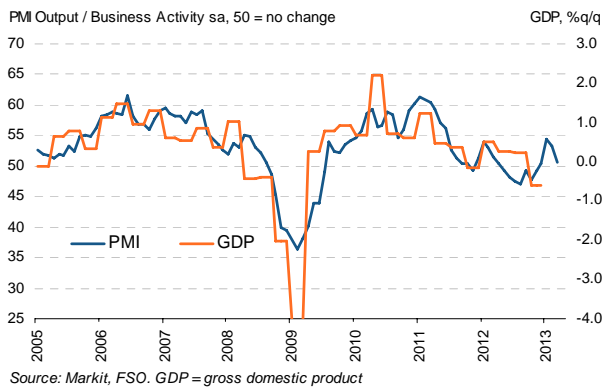
### France



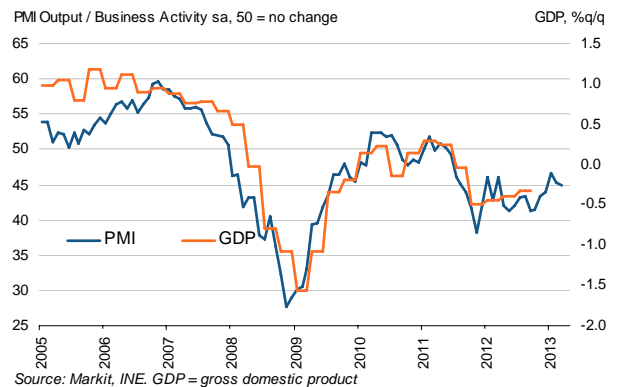
### Italy



### Germany



### Spain



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### Notes to Editors:

The Eurozone Composite *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. National manufacturing data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. National services data are included for Germany, France, Italy, Spain and the Republic of Ireland.

The Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 80% of Eurozone private sector services output.

The final Eurozone Composite *PMI* and Services *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The March composite flash was based on 88% of the replies used in the final data. The March services flash was based on 81% of the replies used in the final data. **Data were collected 12-25 March.**

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 Composite Output <i>PMI</i> <sup>®</sup>	0.0	0.3

Eurozone Services Business Activity *PMI*

0.0

0.3

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 subsequently revised data are available to subscribers from Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

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#### **About PMIs**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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