

## News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 21 March 2013**

### Markit Flash Eurozone PMI®

#### Eurozone downturn intensifies for second month running in March

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 46.5 (47.9 in February). Four-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 46.5 (47.9 in February). Five-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 46.6 (47.9 in February). Three-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 46.5 (47.8 in February). Three-month low.

Data collected 12-20 March.

The **Markit Eurozone PMI® Composite Output Index** fell from 47.9 in February to 46.5 in March, according to the flash estimate. The decline signalled an acceleration in the rate of contraction of business activity for the second consecutive month to the steepest experienced for four months.

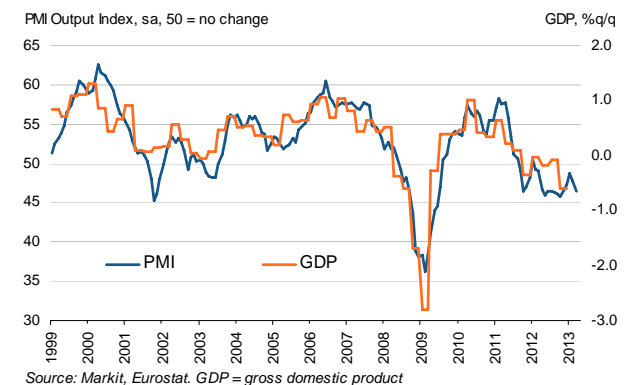
With the exception of a marginal increase in January of last year, business activity has fallen continually since September 2011.

Manufacturing output fell in March at the fastest rate since December, while business activity in the service sector suffered the steepest decline since October.

Companies also reported that new business levels fell at the strongest rate for three months, dropping at the fastest rates since December and September in manufacturing and services respectively.

Employment fell for the fifteenth successive month, reflecting the need to reduce capacity in line with the ongoing deterioration in inflows of new orders and a further marked decline in backlogs of uncompleted orders. The rate of job losses eased slightly for the second month in a row, and was broadly in line with the average seen throughout last year. Rates of job losses eased in both manufacturing and services.

#### Markit (Flash) Eurozone PMI and GDP



Average input costs in the Eurozone private sector showed the smallest rise since last July. In the service sector (where wages are included), input prices rose at the slowest rate since July 2010, while manufacturers' raw material prices fell for the second consecutive month, dropping at the steepest rate since last July.

The easing in cost pressures encouraged both manufacturers and service sector companies to lower their selling prices again in March, linked in many cases to the need to compete on price in the face of weak demand.

Looking ahead, two key indicators suggest that business activity trends could disappoint again in April. In the service sector, business expectations for the coming year fell to a three-month low, while in manufacturing the forward-looking new orders-to-inventories ratio likewise fell to the lowest since December.

Business conditions again varied markedly by country, notably among the two largest euro member states. In France, output across both manufacturing and services contracted at the fastest rate since March 2009. Meanwhile in Germany output rose for the fourth successive month, albeit at the weakest pace since December.

Across the rest of the Eurozone, output fell on average at the steepest rate since November, with the rate of decline accelerating for the second successive month.

Commenting on the flash PMI data, **Chris Williamson, Chief Economist at Markit** said:

*“The flash PMI data suggest that the Eurozone business environment deteriorated at a quickening rate in March. While the data are consistent with the pace of economic decline easing in the first quarter from the 0.6% contraction seen in the final quarter of last year – perhaps showing a 0.3% decline – the concern is that the downturn has gathered pace again.*

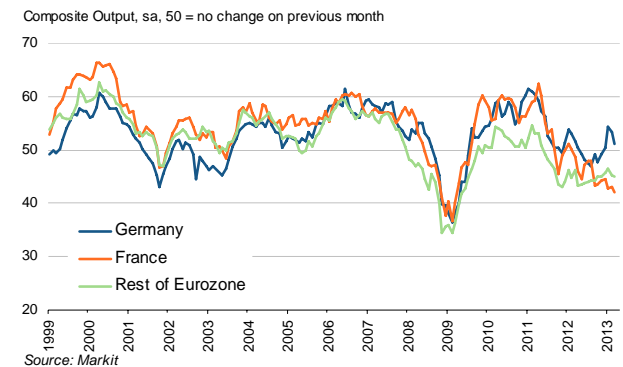
*“Instead of the eurozone economy stabilising in the second quarter, as many – including the ECB – have been hoping to see, the downturn could therefore intensify in coming months.*

*“The deteriorating situation in Cyprus also raises the prospect of business and consumer confidence falling further across the single currency area, and possibly dragging the PMI numbers down further in April.*

*“France saw the steepest downturn in business activity since March 2009, rounding off the worst quarter for four years, while Germany looks set to have enjoyed reasonable if unspectacular growth. However, even Germany showed worrying signs of growth fading in March, driven by a return to contraction of its manufacturing sector.”*

-Ends-

### Core v. Periphery PMI Output Indices

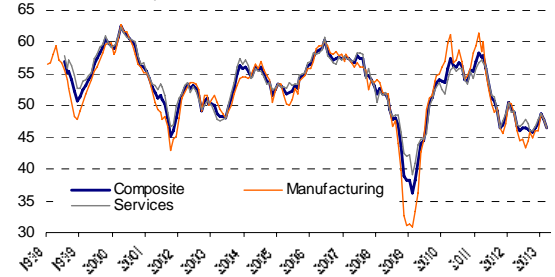


## Summary of March data

<b>Output</b>	<b>Composite</b>	<b>Output falls for fourteenth month running, and at fastest rate in four months (46.5).</b>
	Services	Activity falls at fastest rate since October 2012.
	Manufacturing	Output falls at strongest rate since December.
<b>New Orders</b>	<b>Composite</b>	<b>New business declines at strongest rate in three months.</b>
	Services	New business falls at fastest rate since September 2012.
	Manufacturing	New orders fall for twenty-second consecutive month.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Further sharp decline in backlogs.</b>
	Services	Outstanding business down for twenty-first consecutive month.
	Manufacturing	Backlogs fall at fastest rate in three months.
<b>Employment</b>	<b>Composite</b>	<b>Jobs decline for fifteenth consecutive month.</b>
	Services	Employment declines at slowest rate since August 2012.
	Manufacturing	Jobs shed for fourteenth successive month.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation at eight-month low.</b>
	Services	Input price inflation at 32-month low.
	Manufacturing	Input prices fall at sharpest rate since July 2012.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices fall for twelfth month running.</b>
	Services	Charges decline for sixteenth successive month.
	Manufacturing	Charges fall for ninth time in ten months.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI below 50.0 for twentieth month running, at 46.6.

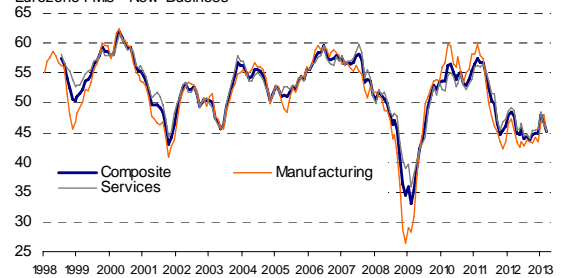
## Output

Eurozone PMIs - Output



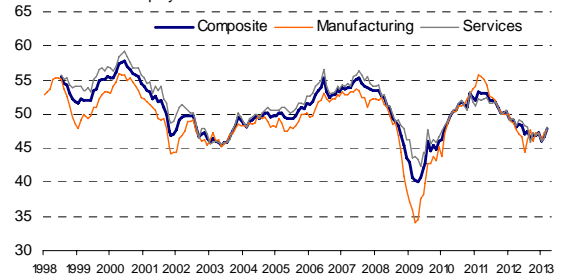
## New business

Eurozone PMIs - New Business



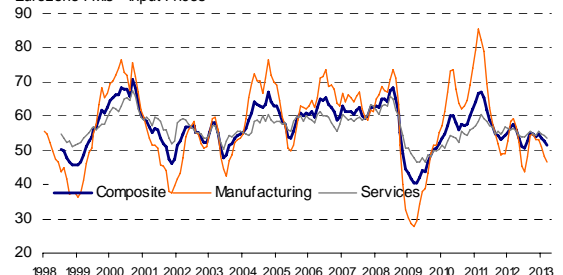
## Employment

Eurozone PMIs - Employment



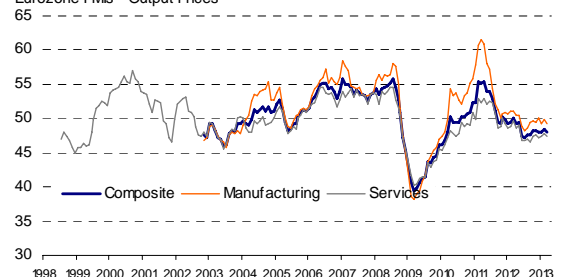
## Input prices

Eurozone PMIs - Input Prices



## Output prices

Eurozone PMIs - Output Prices



Source: Markit.

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**Note to Editors:**

Final March data are published on 2 April for manufacturing and 4 April for services and composite indicators.

The Eurozone *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 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Composite Output Index <sup>1</sup>	0.0	0.2
Eurozone Manufacturing <i>PMI</i> <sup>3</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.1	0.3

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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).

**Notes**

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

**About Markit**

Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

**About PMIs**

Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys have become 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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