News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:00 (UK Time), 1 March 2013

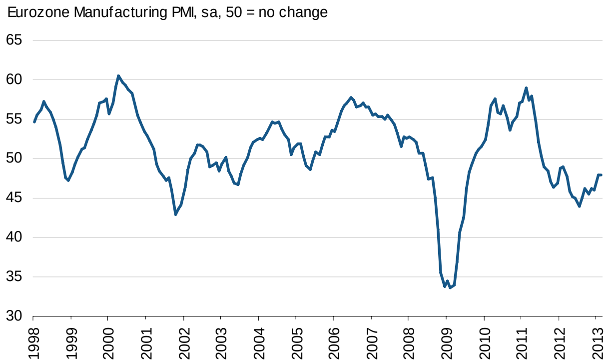
Markit Eurozone Manufacturing PMI® – final data

Eurozone downturn continues despite German stabilisation

Data collected 12–21 February.

- Final Eurozone Manufacturing PMI unchanged at 47.9 in February (flash: 47.8)
- Germany stabilises but downturns seen in all other nations bar Ireland
- Upswing in new exports – especially for German goods – fails to offset weak domestic markets

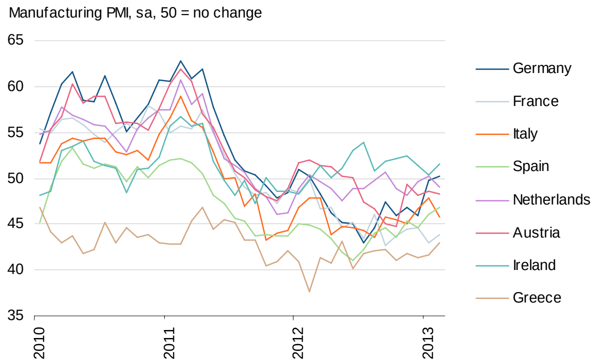
Manufacturing PMI® (overall business conditions)



Source: Markit.

Countries ranked by Manufacturing PMI® (Feb.)

Ireland	51.5	3-month high
Germany	50.3	13-month high
Netherlands	49.0	3-month low
Austria	48.3	2-month low
Spain	46.8	20-month high
Italy	45.8	3-month low
France	43.9	2-month high
Greece	43.0	9-month high



Source: Markit.

At 47.9 in February, up slightly from a flash reading of 47.8, the seasonally adjusted Markit **Final Eurozone Manufacturing PMI®** was unchanged from January's 11-month high. The headline PMI signalled a deterioration in business conditions for the nineteenth successive month, but the rate of contraction remained one of the weakest seen during the past year.

Ireland remained at the top of the PMI league table in February, registering above the 50.0 mark for the twelfth month running. Germany also reported a slight rate of expansion, halting an 11-month sequence of decline. Downturns remained marked in Italy, France, Spain and Greece, with France and Greece occupying the bottom two positions in the PMI league table. The contractions signalled by the Netherlands and Austria PMIs were only modest.

Manufacturing **production** and **new orders** continued to contract during the latest survey period, although the rates of decline were less marked than signalled by the earlier flash estimates.

Output fell for the twelfth consecutive month in February, with the rate of contraction accelerating from January's 10-month low. Ireland, Germany and Netherlands were the only nations to signal expansion. In contrast, France and Greece recorded the sharpest rates of decline, and remained well adrift of the other nations.

Total new orders at Eurozone manufacturers contracted at the slowest pace since June 2011, as a solid improvement in **external demand** failed to fully offset the ongoing weakness of domestic markets. Germany was a bright spot, with growth of total new orders hitting a 21-month high and supported by a solid upswing in new export business (the sharpest since May 2011). Italy, Spain and the Netherlands also reported modest increases in new export business. Although French manufacturers reported a further decline in new exports, the rate of decline nonetheless eased to a six-month low.

Eurozone manufacturers maintained, on balance, a cost-cautious approach in February. **Employment** fell for the thirteenth successive month, albeit at a slightly weaker pace than in the prior month. Companies also reported a preference of lower **inventory holdings**, leading to reduced levels of both pre- and post-production stocks. **Purchasing** activity was cut further.

Job cuts were reported in all nations bar Ireland. Germany saw a marked easing in its rate of loss and Austria also saw only a modest decline in payroll numbers. The other nations all reported solid reductions. Signs of excess capacity remained present in the Eurozone manufacturing sector, however, as highlighted by a further reduction in **backlogs of work**.

Price pressures remained muted during February. **Average input costs** declined for the first time in six months, while **factory gate prices** were broadly unchanged. The decline in average costs mainly reflected a steep reduction in Germany, with Austria the only other nation to report a decline. Supply-chain pressures also showed signs of easing, as average vendor **delivery times** lengthened only slightly and to the weakest extent in three months.

Looking forward, the new orders-finished goods inventory ratio – which often moves in advance of the trend in production – rose for the second month running to reach a 20-month high. Ratios rose in almost all of the nations covered by the survey, the sole exception being Italy.

Comment:

Chris Williamson, Chief Economist at Markit said:

"The PMI held steady in February, but some consolation can be gained from the fact that January's reading was the highest for 11 months, suggesting that the manufacturing downturn has eased so far this year compared to the pace of decline seen throughout much of last year.

"Furthermore, with new orders falling at the slowest rate since June 2011, a further easing in the overall rate of decline is likely in March.

"While the manufacturing sector is likely to have again acted as a drag on the overall economy in the first quarter, causing GDP to fall for a fourth consecutive quarter, there are signs that the downturn has become less severe.

"The concern is that manufacturing trends are diverging strongly within the eurozone. German producers reported the first overall improvement in business conditions for a year, contrasting with steep downturns in France, Spain and Italy.

"The combination of a revival in export orders and resilient domestic demand has helped propel Germany's growth so far this year, while deteriorating domestic demand is holding back the economies of France, Italy and Spain. "

-Ends-

For further information, please contact:

Chris Williamson, Chief Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@markit.com

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Mobile +44-7826-913-863
Email rob.dobson@markit.com

Caroline Lumley, Director, Corporate Communications
Telephone +44-20-7260-2047
Mobile +44-781-581-2162
Email caroline.lumley@markit.com

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 90% 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 February flash was based on 87% 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 *PMI*®	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.

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 marketplace. For more information, see www.markit.com.

About PMIs
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.