

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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Markit Eurozone Composite PMI[®] – final data

Includes Markit Eurozone Services PMI[®]

Eurozone recovery broadens out to encompass big-four nations

- Final Eurozone Composite Output Index: **53.1** (Flash 53.2, February 53.3)
- Final Eurozone Services Business Activity Index: **52.2** (Flash 52.4, February 52.6)

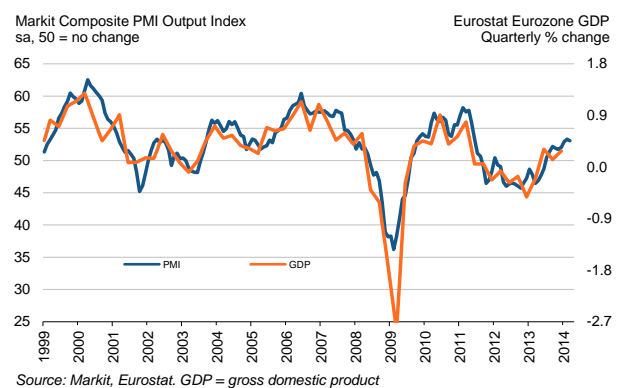
The recovery prospects for the euro area economy continued to brighten in March. At 53.1, the final **Markit Eurozone PMI[®] Composite Output Index** signalled output growth for the ninth successive month, underpinned by improving market conditions and rising levels of new business.

Although the headline output index was lower than February's 53.3 and the earlier flash estimate of 53.2, it remained consistent with a 0.5% increase in GDP for the first quarter as a whole, improving on the 0.3% registered in the final quarter of 2013. The currency union is currently enjoying its strongest growth spell since the first half of 2011.

Among the five countries for which both manufacturing and services data are available, the steepest increase in output was signalled by Ireland where growth surged to a seven-year record. Germany was in second position overall – despite seeing its rate of increase ease to a five-month low – edging out Spain which came a close third following a slight growth acceleration. The big mover was France, which stepped back into expansion territory following contractions in each of the past four months. Italian growth slipped to a three-month low.

The outlook for the eurozone economy remains on the upside, with **new orders** rising and a slight accumulation of **backlogs of work** during March. The upturns in business activity, new orders and outstanding business have not yet encouraged a recovery in the labour market, but signs are also improving on this front too.

Markit Eurozone PMI and GDP



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

Ireland	59.0	85-month high
Germany	54.3	5-month low
Spain	54.2	2-month high
France	51.8	31-month high
Italy	51.1	3-month low

*All-Sector Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on [page 3](#) of this press release

Employment has held broadly steady in each of the past four months. March saw further job creation in Germany and Ireland, and a notable shift closer to stabilisation in France following a run of job losses that started in November last year. Rates of decline accelerated slightly in Spain and Italy, but remained modest compared to rates seen during much of the past two-to-three years.

Price pressures moderated, as highlighted by average **output charges** declining and **input cost inflation** easing to an eight-month low. Selling prices have now fallen throughout the past two years. Companies indicated that strong competition remained a factor affecting their pricing power during the latest survey period.

Services:

The **Eurozone Services Business Activity Index** posted 52.2 in March, down slightly from February's 32-month high of 52.6. The index therefore signalled an expansion of output for the eighth successive month and one of the fastest rates of growth since the first half of 2011.

The rate of expansion in Ireland surged higher, closing in on December 2013's near-seven year record. Although France saw only a modest increase in business activity, this was a marked improvement on the contractions registered in the prior four months. Services output growth slowed to a five-month low in Germany and ticked higher in Spain, while Italy fell back into contraction.

The latest increase in eurozone services output was underpinned by a moderate increase in **new business**, which rose at a similar pace to February. The outlook for the sector also brightened, as **business confidence*** hit a near-three year peak. Optimism was highest in Ireland (despite dipping over the month), improved in Italy and Spain, and held broadly steady in France and Germany.

Employment was broadly unchanged in March, as rising levels of business activity and new orders aided in stabilising the trend in service sector headcounts. Strong jobs growth was again signalled in Ireland, while Germany also posted a modest increase (albeit at a slower pace than in February). Although further losses were reported in France, Italy and Spain, rates of decrease slowed in France and Spain and steadied in Italy.

Strong competition remained a factor affecting eurozone service providers in March, leading to further selling price discounts. **Average charges** fell for the twenty-eighth month running, with only Germany reporting an increase.

The moderation in price pressures was also reflected on the cost side, with average **input price** inflation in the euro area service sector the weakest since June last year. Rates of increase eased in almost all of the nations covered, the exception being Italy (where the pace was broadly stable).

** for business optimism, companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.*

Comment:

Chris Williamson, Chief Economist at Markit said:

"The final PMI data for March round off the region's best quarter for three years, with the survey data signalling that the economy grew by 0.5% compared to the fourth quarter.

"The surveys also confirm that the recovery is broad-based. The upturn is being spearheaded by Germany, which PMI data suggest grew by 0.7% in the first quarter. Spain looks set to have enjoyed its best quarter for six years, growing by 0.5%. Italy meanwhile has enjoyed its best spell of growth for three years, being on course to have expanded by 0.3%. France continues to lag behind, but is nevertheless the biggest news story in March with its PMI hitting a two-and-a-half-year high and suggesting the economy achieved modest growth.

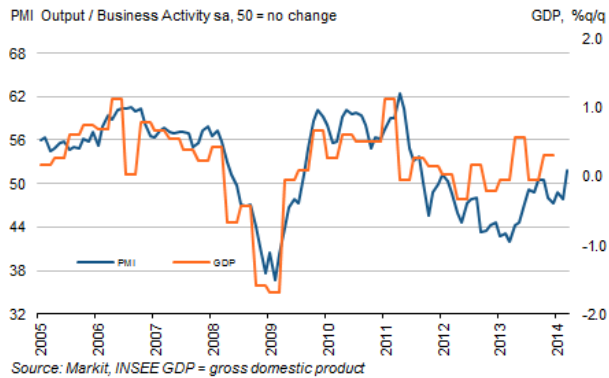
"It is reassuring to see services growing at the fastest rate since the first half of 2011, as this provides further signs that domestic demand is reviving.

"The recent improvement in the PMI suggests the region's recovery in terms of economic growth is in line with policymakers' expectations, but the concerns will lie with the price data. Prices charged by manufacturers fell for the first time in seven months and charges levied for services were cut at a stronger rate, having fallen continually over the past 28 months.

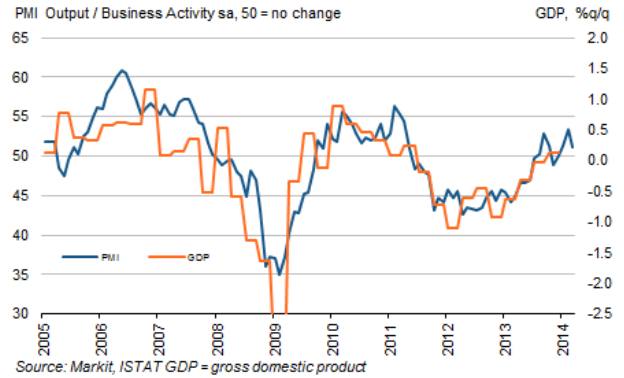
"The weakening price indices will stoke fears that deflationary forces are intensifying amid weak demand and near-record unemployment. But the survey responses also show that companies are pricing more aggressively, having become leaner and more productive – which bodes well for competitiveness."

-Ends-

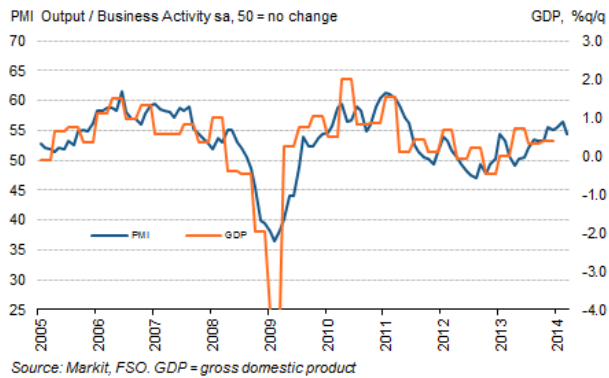
France



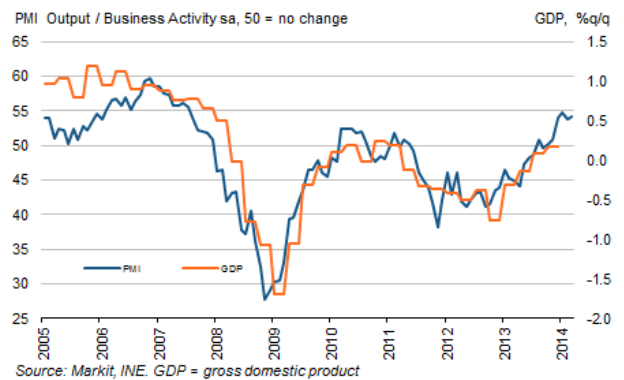
Italy



Germany



Spain



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Notes to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) 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 78% 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 87% of the replies used in the final data. The March services flash was based on 78% of the replies used in the final data. **Data were collected 12-26 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> [®]	0.0	0.3
Eurozone Services Business Activity <i>PMI</i>	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.

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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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