

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time) 3 September 2014**

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

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

## Eurozone recovery slows as output falls in France and Italy

- Final Eurozone Composite Output Index: **52.5** (Flash 52.8, July 53.8)
- Final Eurozone Services Business Activity Index: **53.1** (Flash 53.5, July 54.2)

Eurozone output expanded for the fourteenth successive month in August, according to the latest PMI surveys from Markit. At 52.5 in August, the final **Markit Eurozone PMI<sup>®</sup> Composite Output Index** eased from July's three-month high of 53.8 to signal the weakest rate of increase during the year-so-far.

Output growth slowed in both the manufacturing and service sectors. Manufacturing production increased at the slowest pace during the current 14-month sequence of expansion, while the rate of growth at service providers was the weakest since June. The stronger expansion was again recorded in services.

Ireland remained at the top of the eurozone PMI output growth league table in August. Business activity in Ireland rose at the quickest pace since August 2000, underpinned by a similarly strong increase in new orders (the fastest since July 2000).

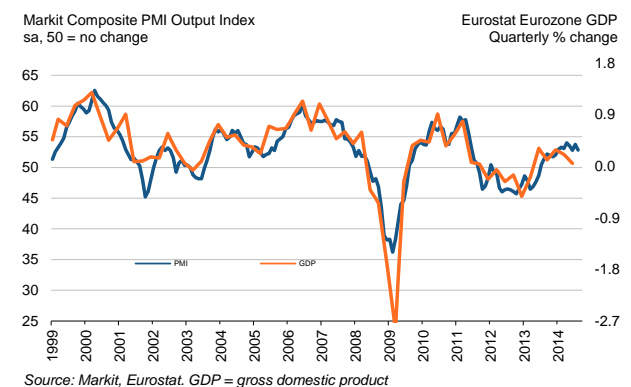
Spain also registered accelerated output growth – an 89-month high – with the performance of the service sector especially positive. Although Germany saw economic activity expand for the sixteenth month running, growth slowed at both manufacturers and service providers.

Italy dipped back into contraction territory in August, halting a seven-month sequence of expansion. The weakness in Italy was mainly centred on services, where business activity and new orders both fell, while manufacturing saw a sharp growth slowdown.

French output contracted for the fourth month running. However, the pace of decline was only

mild and, in a positive sign, inflows of new business rose following a moderate increase in the service sector. French manufacturing output and new business remained in deep downturns, however.

### Markit Eurozone PMI and GDP



### Nations ranked by all-sector output growth\* (Aug.)

Ireland	61.8	168-month high
Spain	56.9	89-month high
Germany	53.7 (flash: 54.9)	10-month low
Italy	49.9	9-month low
France	49.5 (flash: 50.0)	4-month high

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

Job creation slowed to near-stagnation in August. However, the latest survey nonetheless marked the ninth successive month without a decrease in headcounts. Ireland was a bright spot on the labour market horizon, with jobs growth at a 14-year high. Germany and Spain reported increases to payroll numbers, but cuts were seen in France and Italy.

Input cost inflation slowed to a three-month low in August, with rates of increase easing in Germany, Italy, Spain and Ireland. Meanwhile, average selling prices continued to fall, with only Germany and Ireland reporting increases in output charges.

**Services:**

Eurozone service sector business activity rose for the thirteenth successive month in August. The **Eurozone Services Business Activity Index** posted 53.1, down slightly from July's 38-month high of 54.2 and below the flash estimate of 53.5.

Output increased in four out of the five nations covered by the services survey. The sole exception was Italy, where business activity dipped back into contraction for the first time since March.

Faster rates of output expansion were seen in Ireland (two-month high) and Spain (92-month record). Growth slowed in Germany, but was solid overall, and remained marginal in France.

Inflows of new business also rose for the thirteenth consecutive month in August. The rate of expansion was unchanged from the prior month, albeit less marked than that signalled by the earlier flash estimate.

Growth of new business was strongest in Ireland and Spain – despite easing in both nations – while the pace of increase in Germany accelerated and new orders returned to expansion in France. Italy saw a slight reduction in new business.

Business confidence<sup>†</sup> dipped to its lowest in 12 months during August, with the degree of positive sentiment lessening in all five of the nations covered. This mainly reflected rising geopolitical and market uncertainties.

Employment rose for the fifth straight month in August. However, the pace of job creation was only marginal and the weakest during this sequence. Further cuts to headcounts were initiated in France and Italy, while jobs growth slowed in Germany and Spain. In contrast, employment in Irish services continued to rise at one of the most elevated rates in the survey history.

Average input cost inflation in the eurozone service sector slowed to a four-month low during August. Average charges, meanwhile, declined for the thirty-third month running, as strong competition and market uncertainty led to further selling price reductions. The rate of decrease was the sharpest since May.

<sup>†</sup> for business confidence, 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 eurozone economy is defying expectations of gaining momentum, which will no doubt add to calls for the ECB to embark on full-scale quantitative easing. The PMI suggests the eurozone’s economy is likely to have seen renewed growth in the third quarter but, instead of accelerating in line with ECB expectations after the June stimulus announcements, the pace of growth is down to the weakest seen so far this year.*

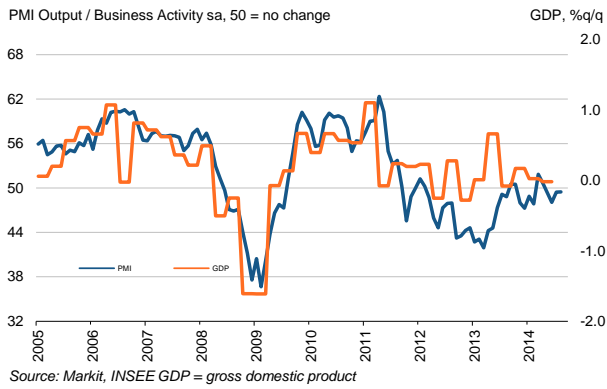
*“Tensions in Ukraine are clearly having an impact on confidence, subduing business spending and investment.*

*“However, it is likely to be too early to see anything other than firmer rhetoric from the ECB as far as QE is concerned, as policymakers give more time for the previously announced measures to take effect, notably the TLTROs.*

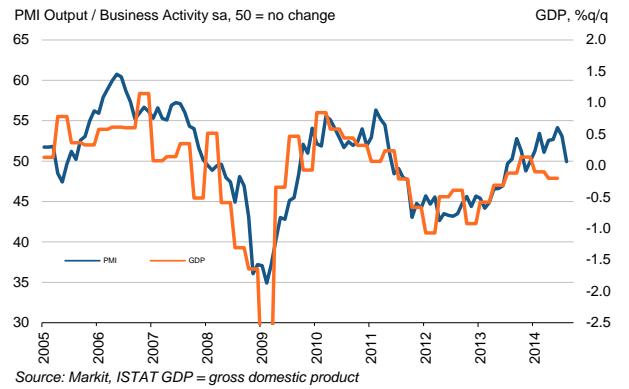
*“The impressive performances of Ireland and Spain will also encourage ECB President Mario Draghi to stress that recoveries in other countries are being held back by the lack of successful structural reforms rather than a lack of central bank stimulus. The PMI data add to the view that, in the absence of governments taking tough measures to boost competitiveness and productivity, economic performance will remain disappointing even with further ECB action.”*

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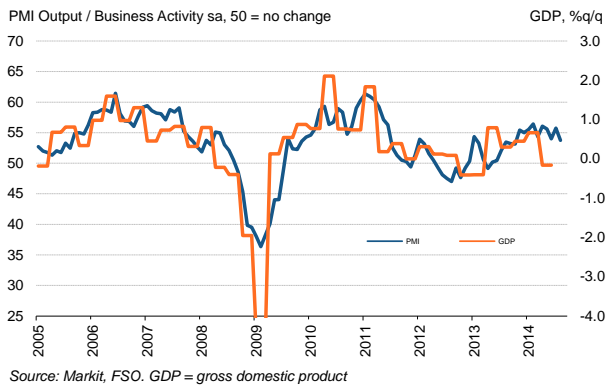
### France



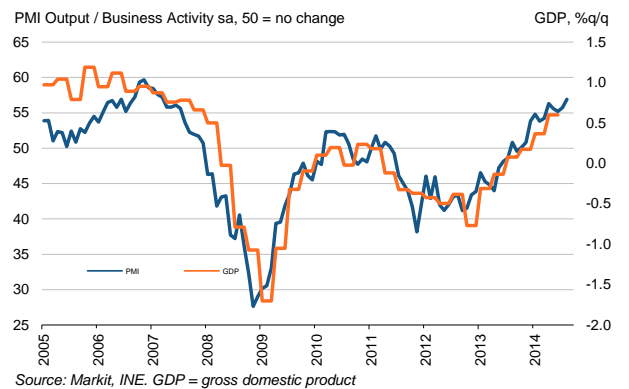
### Italy



### 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 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 August composite flash was based on 83% of the replies used in the final data. The August services flash was based on 70% of the replies used in the final data. **Data were collected 12-26 August.**

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 <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](mailto:economics@markit.com).

**About Markit**

Markit is a leading global diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 3,000 people in 10 countries. Markit shares are listed on NASDAQ under the symbol "MRKT". For more information, please see [www.markit.com](http://www.markit.com).

**About PMI**

*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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