

News Release

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Markit Global Business Outlook Survey

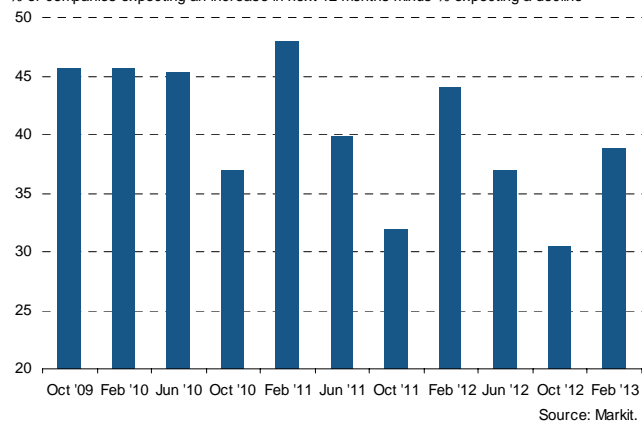
Rising business confidence points to global economic upturn in 2013

- **Global business confidence lifts from post-crisis low**
- **Improved mood seen in all major developed economies, led by US, and China**
- **Weaker currencies buoy optimism in Japan and UK; Eurozone set for return to growth**

Data collected 12-26 February 2013

Global business confidence

% of companies expecting an increase in next 12 months minus % expecting a decline



Worldwide business confidence has revived from the post-crisis low seen late last year, with expectations of business activity, revenues and inflows of new business all rising to their highest since the start of last year.

The latest Markit Global Business Outlook Survey of 11,000 companies found that the number of companies expecting their business activity levels to rise over the coming year exceeded those expecting a decline by 39%, up markedly from a post-crisis low of 30% seen in the previous survey, conducted last October.

The upturn in confidence was universal across all main developed countries, with Japan and the Eurozone

seeing confidence pick up to the greatest extents compared to late last year.

Japan saw optimism hit a post-2008-09 crisis high, while a marked improvement in sentiment across the Eurozone also pushed optimism among companies in the single currency area to the highest for a year, led by Ireland and Germany. Marked improvements in sentiment in Spain and, to lesser degrees, France and Italy, also contributed to the better business mood in the single-currency area.

It was the US, however, that again saw the highest level of business optimism of all developed countries surveyed, despite confidence rising only slightly compared to last October, followed by the UK, where the mood was the joint-brightest for two years.

In the main 'BRIC' emerging markets, only China saw an improvement in the business mood, with firms more upbeat than at any time over the past two years. Sentiment about the year ahead slipped in Russia, India and Brazil, although the latter continued to see by far the most optimistic mood among the BRICs.

Comment:

Chris Williamson, Chief Economist at Markit, said:

"Global business sentiment has revived from its post-crisis low seen late last year and points to improved economic growth in the US, Japan, China, the UK and the Eurozone in 2013.

"US firms remained the most optimistic of all developed countries, suggesting that the economy is showing reassuring resilience in the face of fiscal policy concerns. The weaker yen has meanwhile lifted optimism strongly to a post-crisis high in Japan, with the survey also hinting at an end to the country's deflation as prices look set to rise.

“The fall in sterling has helped buoy confidence markedly in UK manufacturing. Both Japan and the UK therefore look set to enjoy a return to stronger growth as the year proceeds.

“The survey also suggests the Eurozone is likely to see a resumption of growth by the second half of the year, led by Germany. The business mood also brightened markedly in Italy, Spain and, to a lesser extent, France.

“In the emerging markets, business confidence in China surged to a two-year high, which should help allay worries that economic growth could disappoint this year.”

Employment

Employment intentions improved from the post-crisis low seen last October, led by more positive outlooks in the US, Japan, China and India. Employment in the Eurozone is meanwhile expected to stabilise, led by stronger job creation in Germany. Only French companies reported an expected increased rate of job losses. UK companies expect to take on more staff, albeit at a reduced rate compared to late last year.

Profits

Despite the brighter outlook for business activity, expectations in relation to profits barely moved compared to late last year, when the earnings outlook was once of the darkest seen since the emergence of from the 2008-09 crisis.

The headline global reading masked strong national variations, however. US profits expectations fell to one of the lowest seen since the 2008-09 recession. In contrast, Eurozone and Japanese counterparts grew more upbeat, with the former led by particularly marked improvements in Germany and Spain, and expectations held more or less steady in the UK and across the main emerging markets.

Manufacturing and services

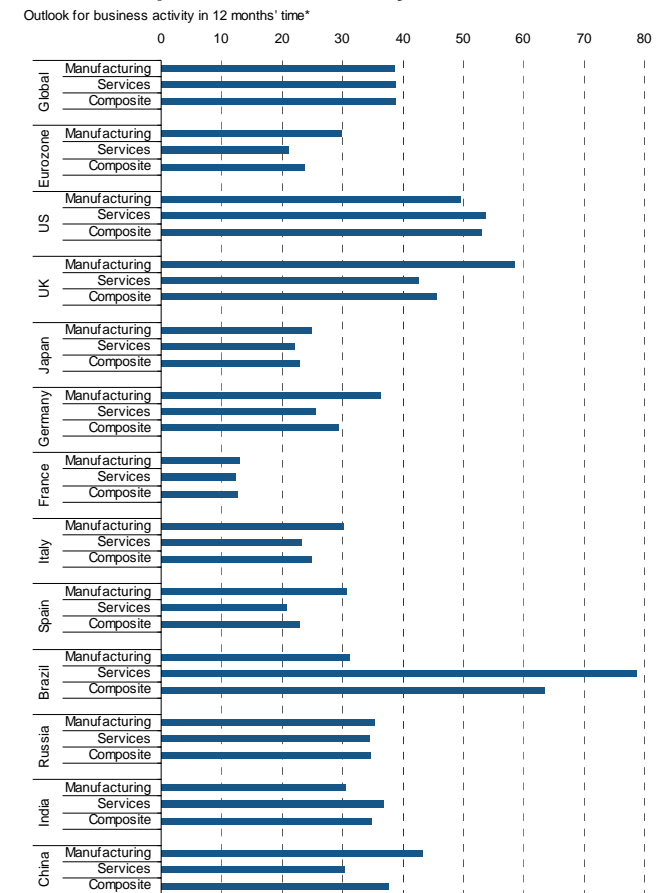
Globally, the biggest improvement was seen in manufacturing, where optimism matched that of service providers, having previously lagged behind continuously since mid-2011.

Looking at manufacturing, the biggest jump in sentiment of the major economies was seen in Germany, followed by Japan. However, UK firms remained the most optimistic, followed by US goods producers.

In the service sector, Spain saw the largest jump in optimism compared to late last year of the major world economies, followed by Japan and Germany. Brazilian companies were once again the most upbeat overall, however, followed by US service providers.

Country comparisons

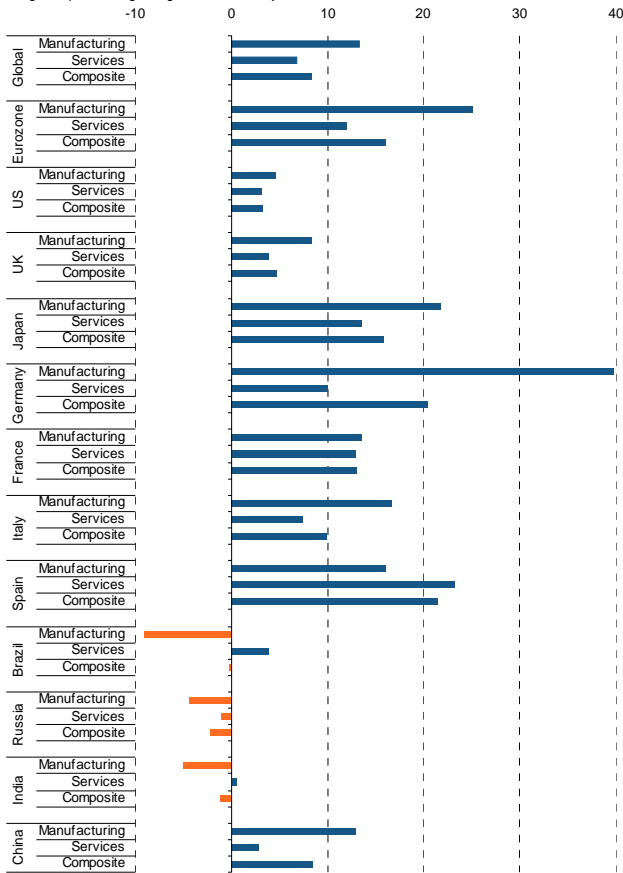
Business optimism in February



* chart shows net balance of optimism less pessimists in February.

How optimism has changed since October

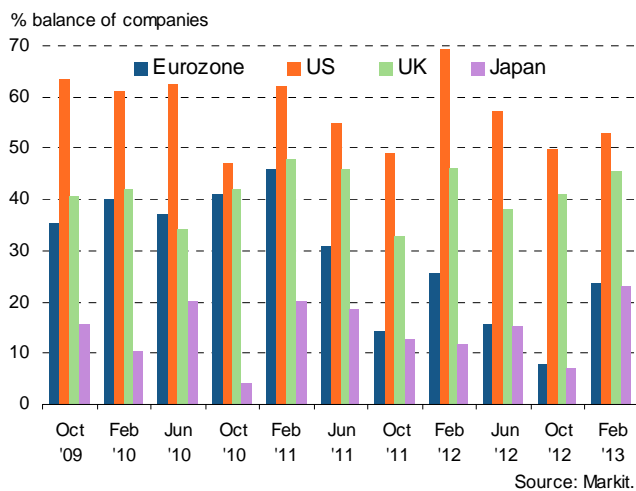
Change in optimism regarding business activity in 12 months' time*



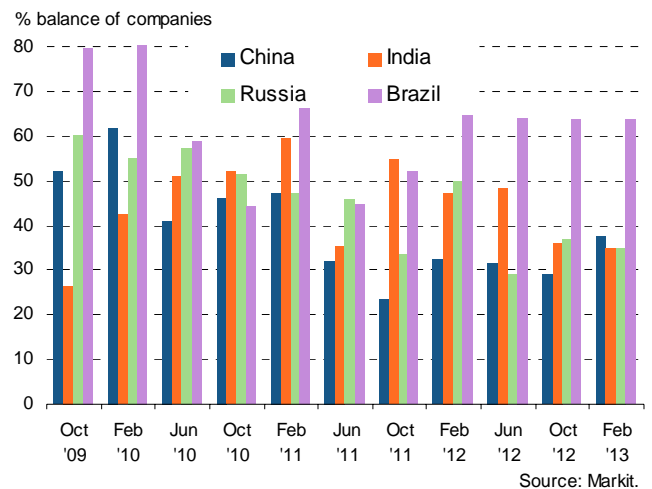
* chart shows net balance of optimists less pessimists in February compared to net balance in October.

Long-term trends in key economies

Key developed economies



Key emerging markets



-Ends-

Full data available on request from
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Notes to Editors:

The Global Business Outlook Survey for worldwide manufacturing and services is produced by Markit Economics and is based on a survey of around 11,000 manufacturers and service providers that are asked to give their thoughts on future business conditions. The reports are produced on a tri-annual basis, with data collected in February, June and October. The latest survey was conducted between February 12 and 26.

The countries covered by the survey are the US, Japan, Germany, the UK, France, Italy, Spain, Ireland, Austria*, the Netherlands*, Greece*, the Czech Republic*, Poland*, Brazil, Russia, India and China. (*Manufacturing only)

Interest in the use of economic surveys for predicting turning points in economic cycles is ever increasing and the Business Outlook survey uses an identical methodology across all nations covered. It gives a unique perspective on future business conditions from Global manufacturers and service providers.

The methodology of the Business Outlook survey is identical in all countries that Markit Economics operates. This methodology seeks to ensure harmonization of data, and is designed to allow direct comparisons of business expectations across different countries. This provides a significant advantage for economic surveillance around the globe and for monitoring the evolution of the manufacturing and services economies by governments and the wider business community.

Data collection is undertaken via the completion of questionnaires three times a year at four-month intervals. A combination of phone, fax, website and email are used, with respondents allowed to select which mechanism they prefer to use.

The Business Outlook survey uses net balances to indicate the degree of future optimism or pessimism for each of the survey variables. These net balances vary between -100 and 100, with a value of 0.0 signalling a neutral outlook for the coming twelve months. Values above 0.0 indicate optimism amongst companies regarding the outlook for the coming twelve months while values below 0.0 indicate pessimism. The net balance figure is calculated by deducting the percentage number of survey respondents expecting a deterioration/decrease in a variable over the next twelve months from the percentage number of survey respondents expecting an improvement/increase.

Questionnaires are sent to a representative panel of around 11,000 manufacturing and services companies spread across the global economy in the countries mentioned above. Companies are carefully selected to ensure that the survey panel accurately reflects the true structure of each economy in terms of sectoral contribution to GDP, regional distribution and company size. This panel forms the basis for the survey. The current report is based on responses from around 6,300 firms.

About Markit

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Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI™) series, which is now available for 32 countries and key regions including the Euro zone and BRIC. The PMIs have become one of 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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