

Flash PMI™ surveys

Robust US and eurozone growth contrasts with steepening downturn in China

- **China manufacturing PMI posts below 50 for third month running**
- **US manufacturing PMI rounds off best quarter for three years despite falling in March**
- **Eurozone PMI suggests region sees best quarter since second quarter of 2011**

Markit's flash PMI surveys showed ongoing marked divergences between manufacturing trends in the US, Eurozone and China in March.

While business conditions deteriorated for a third month running in China, as factory output showed the largest fall since September 2012, ongoing robust rates of expansion in the US and Eurozone rounded off their best quarters since early 2011.

At 48.1, the [flash PMI for China](#) dropped further below the neutral level of 50.0 to signal a third successive monthly downturn in business conditions. A steepening rate of decline of output was linked to falling domestic demand. Furthermore, overall order books showed the largest monthly fall since August 2012 despite factories reporting the largest (albeit still modest) rise in new export orders since November 2012.

Production growth in the US meanwhile remained only slightly weaker than the near-three year high seen in February. Orders also continued to rise sharply, maintaining a strong pace after having already shown the largest monthly surge for nearly four years in February. At 55.1, the headline PMI was down from 57.1 in February, but the extent of the fall exaggerates the weakening of output and new order growth. The Suppliers' Delivery Times Index, which is also a component of the PMI, highlighted that delivery delays were far less widespread in March due to the improved weather (fewer delays are normally associated with weakening demand, and therefore detract the PMI).

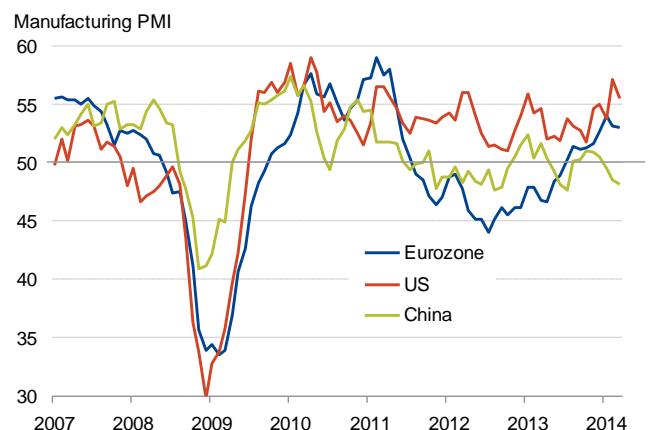
Further growth in the US is signalled for April after the new orders:finished goods inventory index remained close to the near-four year high seen in February. With new orders rising but stock having been depleted due to a combination of high sales and weather-related

logistics issues, firms are likely to step up production to meet demand.

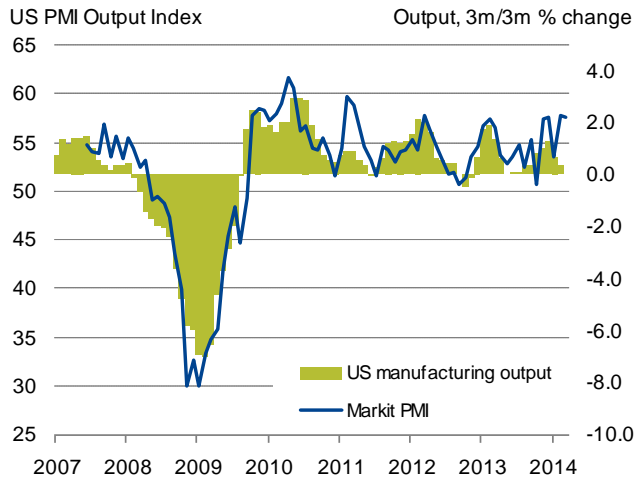
At 53.0, the flash Markit Eurozone Manufacturing PMI fell for a second month running, meaning growth eased slightly, but maintained a high enough level to round off the best quarter since the second quarter of 2011. Service sector growth also slowed but likewise remained strong, and the sector saw expectations about the year ahead rise to the most optimistic since May 2011. The [composite Eurozone PMI](#), covering both service and manufacturing, fell only marginally from 53.3 to 53.2, signalling the best spell of growth since the spring of 2011.

Germany continued to lead the eurozone upturn from a manufacturing and services perspective, but the biggest relief was seen in France, where a return to growth of output and new orders, which both showed the largest gains since August 2011, suggested the region's recovery is becoming all-encompassing. France has been lagging behind in the regions' recovery, with output having been in decline at the start of the year, contrasting with signs of recoveries gaining traction in neighbouring countries such as Italy and Spain.

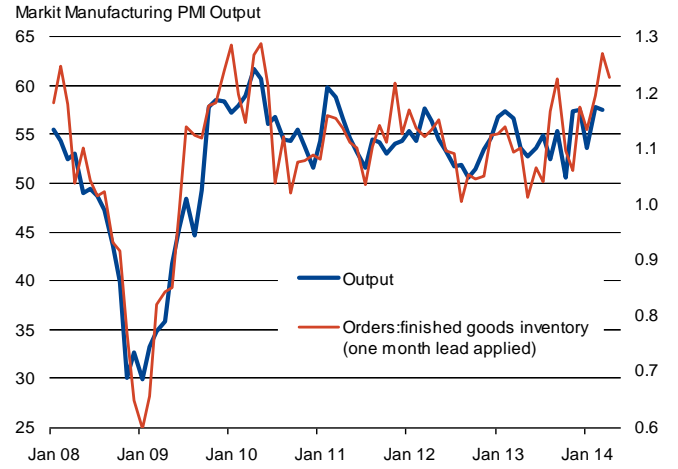
Flash manufacturing PMI surveys



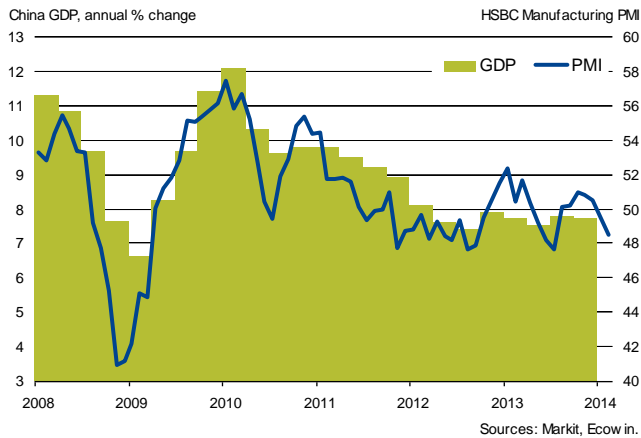
US manufacturing output



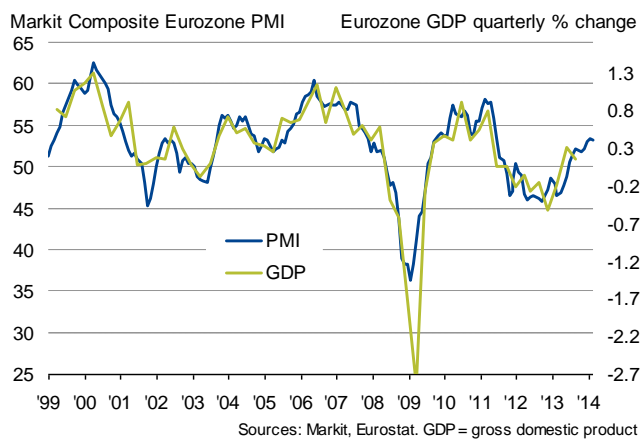
US manufacturing PMI orders/inventory ratio



China GDP



Eurozone GDP



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