

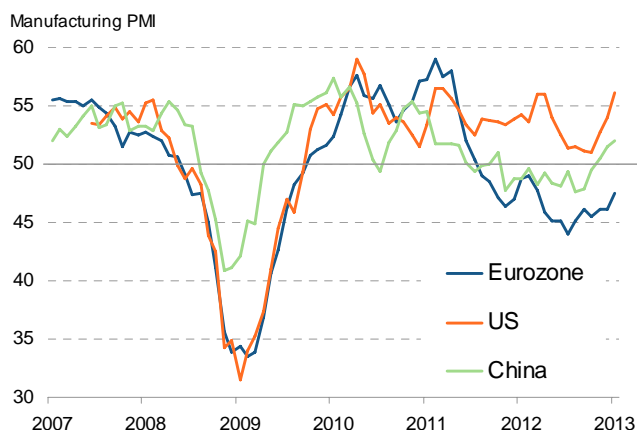
Global manufacturing

Worldwide manufacturing upturn gains further momentum in January

- **China's producers see best month for two years**
- **US manufacturing enjoys strongest growth for 22 months**
- **German growth helps ease Eurozone downturn**

Purchasing manager surveys indicate that the global economy has picked up further momentum at the start of 2013. Markit's flash manufacturing PMIs, which cover the world's three largest goods-producing economies, showed growth rising to 24- and 22-month highs in China and the US respectively, while the euro area saw the smallest fall in activity for ten months.

Flash manufacturing PMIs



The [Markit-produced HSBC China Manufacturing PMI](#) hit a two-year high, rising from 51.5 in December to 51.9. The upturn suggests that growth in the world's second largest economy has gained further momentum at the start of the year. The annual rate of growth of GDP is on course to exceed 8%, having picked up to 7.9% in the fourth quarter of last year.

The upturn in China was largely driven by rising domestic demand, although exports were also found to have been no longer acting as a drag on growth.

Markit's US Manufacturing PMI meanwhile surged to a 22-month peak in January, rising from 54.0 in December to 56.1. The survey signalled strong growth of production, order books and employment, fueled largely by domestic demand but also reflecting improving export orders.

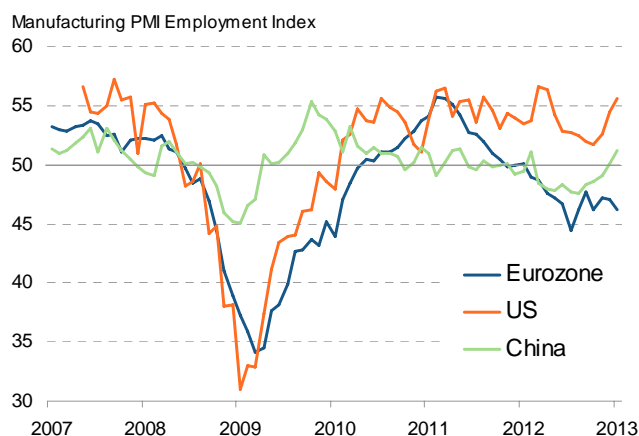
The US survey is broadly consistent with industrial production growing at a quarterly rate of 1.5% at the start of the year, suggesting the goods-producing sector will provide a significant boost to first quarter GDP if the upward trend is sustained in coming months.

In contrast to the stronger growth seen in China and the US, manufacturing continued to contract in the Eurozone, where the [Markit PMI](#) has remained below the 50.0 no change for the past 18 months. However, the index rose from 46.1 in December to reach a 10-month high of 47.5, indicating a marked easing in the rate of decline. The improvement was led by the PMI for Germany climbing to an 11-month high, but the equivalent index for France slid to its second lowest since April 2009, highlighting growing divergences in national performance within the euro area.

Hiring picks up in the US and China but job losses accelerate in the Eurozone

Employment trends reinforce the divergent manufacturing performances. The PMI surveys showed manufacturing jobs being created at the fastest rate since last April in the US, while a more modest increase in China was nevertheless the strongest since May 2011. In the Eurozone, however, headcounts were cut for the twelfth successive month, with the rate of job shedding gathering pace as companies often sought to boost productivity and gain competitive advantage.

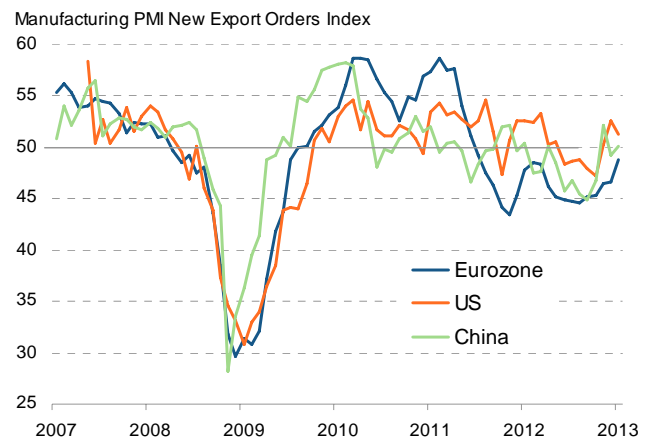
Employment



Export indices point to global trade revival

The New Export Orders Indices from the three flash PMI surveys have also risen sharply from the lows seen last year, pointing to an upturn in global trade flows. In all three cases the indices remain well below their averages seen in the first two years of the recovery from the 2008-09 recession but are nevertheless either acting as an additional source of growth or, in the case of the eurozone, acting as a significantly less severe drag on economic growth.

Flash PMI New Export Orders Indices



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