

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 (UK Time) 23 April 2014

Markit Flash Eurozone PMI[®]

Employment returns to growth as business activity expansion nears three-year peak

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 54.0 (53.1 in March). 35-month high.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 53.1 (52.2 in March). 34-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 53.3 (53.0 in March). 3-month high.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 56.5 (55.6 in March). 3-month high.

Data collected 11-22 April.

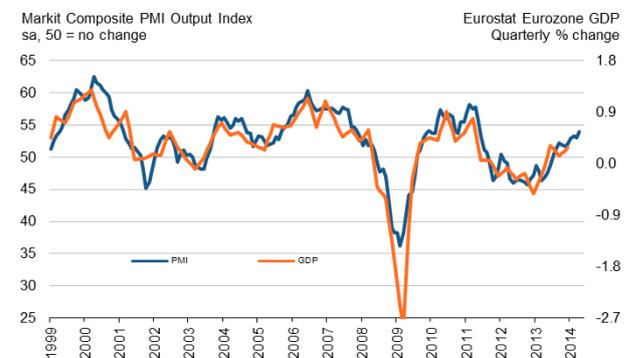
Growth of business activity in the euro area economy accelerated to its fastest for just under three years in April, leading to a return to job creation across the region. The **Markit Eurozone PMI[®] Composite Output Index** rose from 53.1 in March to 54.0 in April, according to the 'flash' estimate, which is based on around 85% of total survey replies. The latest reading was the highest since May 2011.

The PMI has now been above the 50.0 no-change level for ten consecutive months, signalling a continuous expansion of business activity since last July. With new orders also growing in April at the fastest rate seen since May 2011 and backlogs of work showing a small increase for the second consecutive month, further growth of activity is likely in May.

The upturn was again led by goods producers, though also continued to be supported by rising activity in the services economy. Manufacturing output increased for a tenth straight month, showing the second-largest rise since April 2011 as growth accelerated for the second month running. Growth of manufacturing new orders eased slightly for a third straight month but remained robust, aided by a marginal uptick in growth of new export orders.

Services activity meanwhile increased for the ninth month running, growing at the fastest rate since June 2011. The increase was spurred by the largest rise in new business inflows seen over that period.

Markit (Flash) Eurozone PMI and GDP



Source: Markit, Eurostat. GDP = gross domestic product

With backlogs of work rising, albeit only modestly, firms took on more staff in order to expand capacity. The increase in employment was the largest since September 2011, and only the second since 2011. Rates of job creation in both the manufacturing and service sectors were nevertheless only modest as many firms continued to focus on keeping costs low to boost competitiveness.

Input prices barely rose during the month, registering the smallest increase since June last year. Manufacturers' raw material prices fell at the fastest rate since last July, dropping for the third month running. A modest rise in service sector costs was meanwhile the smallest observed since February 2010.

Output prices fell for the twenty-fifth month running, commonly linked to price cutting as firms sought to attract new business, especially in the service sector. A more modest decline was seen in manufacturing. The average drop in prices across both sectors was the largest since last August.

By country, the upturn continued to be led by Germany, which saw output growth accelerate to the second-fastest since mid-2011. Improved performances were seen in both the manufacturing and services economies. Faster growth of new

business prompted German firms to take on staff at a stronger rate.

France meanwhile saw output increase for the second successive month, though the rate of increase slipped from March's 31-month high to register only a modest monthly improvement. A marginal increase was seen in services while manufacturing output growth slowed. New orders stagnated after rising in March, causing French firms to once again cut back on their staffing levels.

Outside of France and Germany, the rest of the region saw business activity expand at a rate not seen since February 2011. Growth accelerated in both manufacturing and services. Employment rose, registering the first (albeit modest) increase since May 2011.

Commenting on the flash PMI data, **Chris Williamson, Chief Economist at Markit** said:

“The eurozone has started the second quarter on a solid footing. A welcome quickening in the pace of growth of business activity in April means the region is expanding at the fastest rate for almost three years. The PMI is signalling that GDP is on course to rise by 0.5% in the second quarter, building on a 0.4% rise in the first quarter.

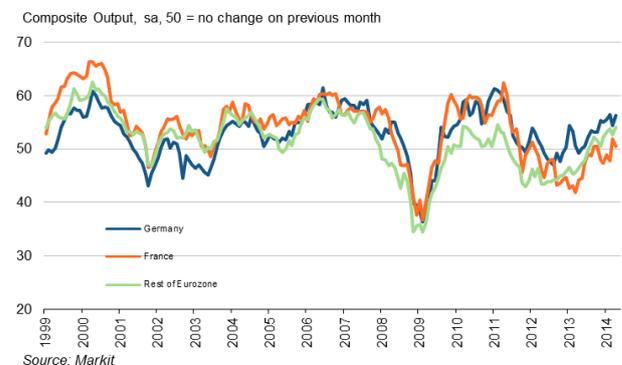
“The upturn continues to be led by Germany, where the economy looks to be growing at a quarterly rate of approximately 0.7%, while France is merely stabilising. Perhaps the best news came from the rest of the region, where the fastest rate of growth seen since early-2011 suggests that the recovery in the ‘periphery’ is gaining traction.

“The return to job creation across the region is also very encouraging news in respect of companies believing that the recovery has legs and is looking increasingly sustainable.

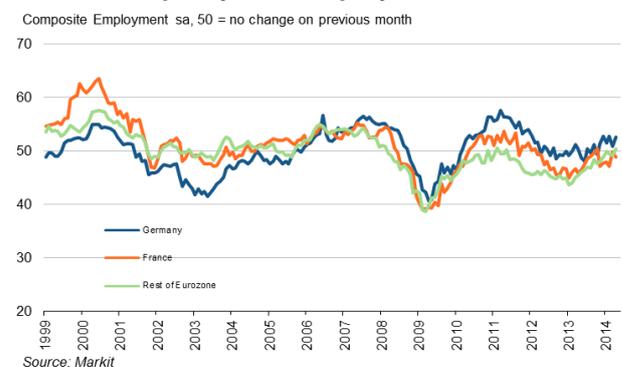
“The big concern will be the outlook for prices. With selling prices falling at the fastest pace since last August despite the upturn in activity, there will be growing fears that deflationary pressures are intensifying and that the ECB needs to respond with more than just words to the recent appreciation of the exchange rate.”

-Ends-

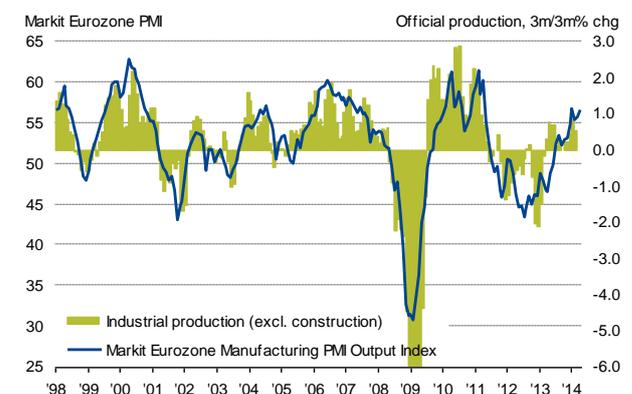
Core v. Periphery PMI Output Indices



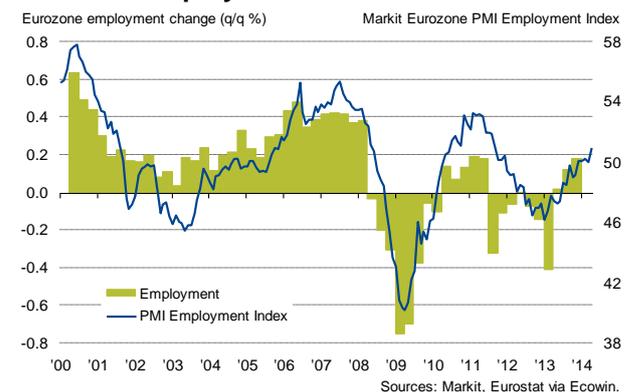
Core v. Periphery PMI Employment Indices



Euro area industrial production



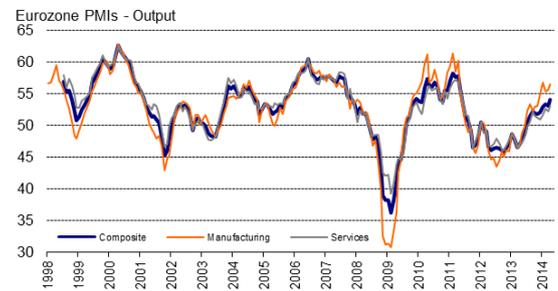
Euro area employment



Summary of April data

Output	Composite	Output increases for tenth month running, at fastest rate since May 2011.
	Services	Activity increases at strongest rate since June 2011.
	Manufacturing	Output growth picks up to three-month high.
New Orders	Composite	New business growth at 35-month record.
	Services	New business growth fastest since June 2011.
	Manufacturing	New order growth eases to five-month low, but remains solid.
Backlogs of Work	Composite	Backlogs rise marginally for third time in four months.
	Services	Outstanding business stabilises.
	Manufacturing	Backlogs rise for seventh month running.
Employment	Composite	Employment rises at fastest rate since September 2011.
	Services	Employment growth fastest in 31 months.
	Manufacturing	Workforce expands for fourth straight month, and at strongest rate since August 2011.
Input Prices	Composite	Input price inflation slows to ten-month low.
	Services	Input price inflation weakest since February 2010.
	Manufacturing	Input prices fall at stronger rate.
Output Prices	Composite	Output prices fall for twenty-fifth consecutive month.
	Services	Charges decline for twenty-ninth month running.
	Manufacturing	Factory gate prices fall marginally for second month running.
PMI⁽³⁾	Manufacturing	PMI improves to three-month high of 53.3.

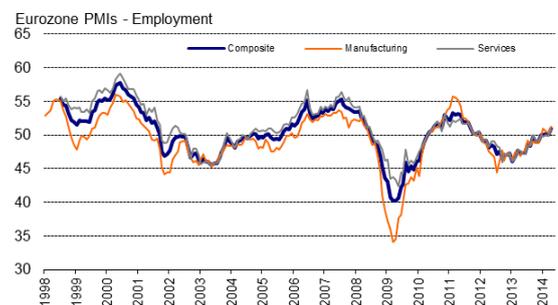
Output



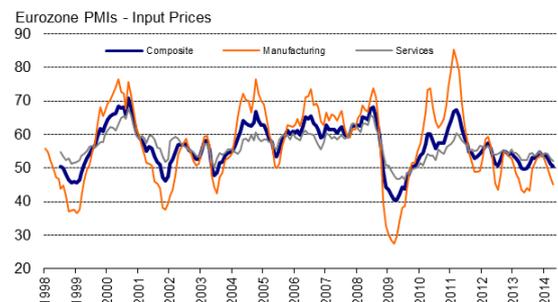
New business



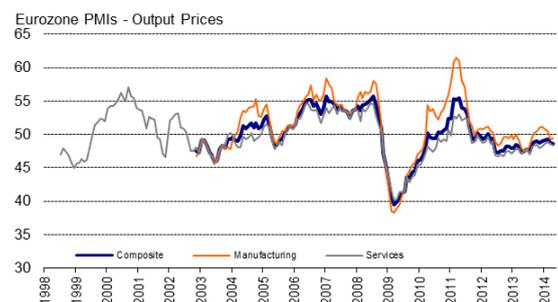
Employment



Input prices



Output prices



Source: Markit.

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Note to Editors:

Final April data are published on 2 May for manufacturing and 6 May for services and composite indicators.

The Eurozone *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit and is based on original survey data collected from a representative panel of around 5,000 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* data.

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 Index ¹	0.0	0.2
Eurozone Manufacturing <i>PMI</i> ²	0.0	0.2
Eurozone Services Business Activity Index ²	0.1	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.

Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

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 11 countries. For more information, please see www.markit.com.

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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