

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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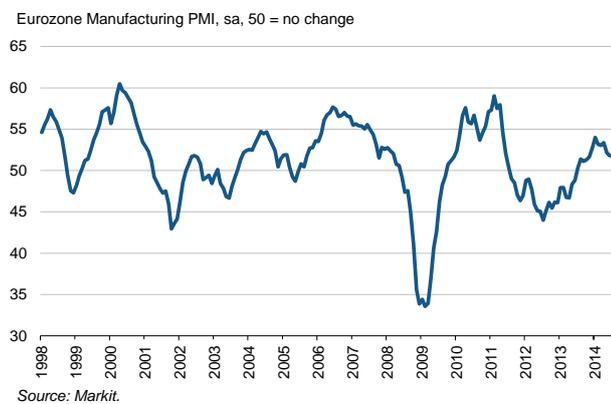
Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing recovery continues at start of third quarter, despite deeper downturn in France

Data collected 11-24 July.

- Final Eurozone Manufacturing PMI at 51.8 in July (flash estimate: 51.9)
- France remains main drag on headline PMI as growth ticks higher in Germany
- Payroll numbers cut, albeit negligibly, for first time in 2014 so far

Manufacturing PMI® (overall business conditions)



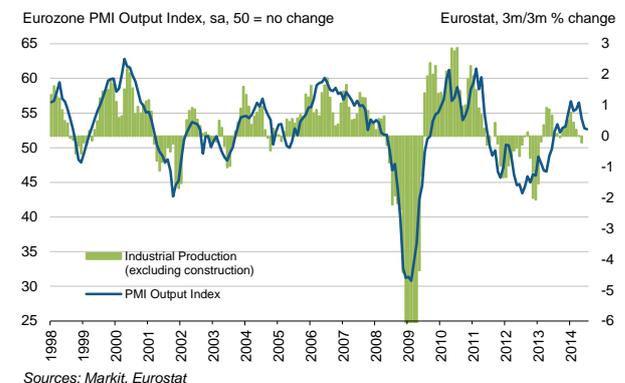
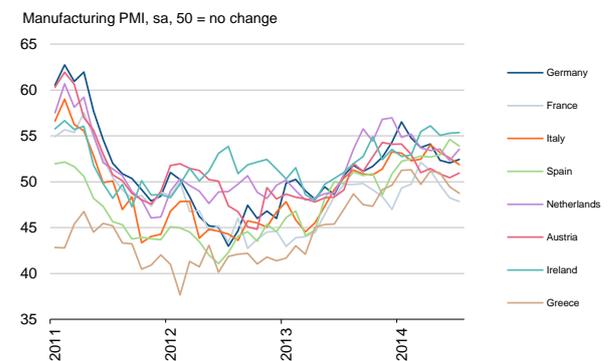
July saw the Eurozone Manufacturing PMI hold steady at June's seven-month low of 51.8, as the ongoing expansions in Germany and outside of the big-two economies were partly offset by a deeper downturn at French manufacturers.

The final seasonally adjusted **Markit Eurozone Manufacturing PMI®** has nonetheless signalled an improvement in operating conditions for 13 successive months. Ireland registered the sharpest rate of expansion in July followed by Spain, where the rate of growth stayed close to June's seven-year record.

The Netherlands saw a modest acceleration in its rate of improvement, as did Germany and Austria,

Countries ranked by Manufacturing PMI®: July

Ireland	55.4	3-month high
Spain	53.9	2-month low
Netherlands	53.5	2-month high
Germany	52.4 (flash 52.9)	3-month high
Italy	51.9	8-month low
Austria	50.9	2-month high
Greece	48.7	9-month low
France	47.8 (flash 47.6)	7-month low



and the upturn in Italy continued despite the pace of expansion easing to an eight-month low. In contrast, France and Greece reported deeper contractions, the sharpest for seven and nine months respectively.

The performance disparity between Germany and France also widened, with the gap between the German and French PMI readings the greatest since February.

Eurozone manufacturers reported further growth of output, new orders and new exports. However, the rates of expansion all remained weaker than the highs seen at the start of the year.

The expansion in manufacturing production was the slowest since September 2013. Weaker output growth was registered in both the capital and consumer goods industries, whereas intermediate goods producers reported a modest acceleration.

The slower increase in output, combined with the relatively subdued trend in new order inflows, filtered through to the labour market. Staffing levels declined for first time in seven months, albeit only marginally, with losses reported in Germany, France, Austria and Greece. Payroll numbers rose in Italy, Spain, the Netherlands and Ireland, although none of the nations covered by the survey reported faster job creation in July.

Average selling prices were broadly unchanged in July. Higher charges were seen in Germany, Italy, Spain, Ireland and the Netherlands, but these were offset by price discounting in France, Austria and Greece. The reduction signalled in Greece was especially sharp.

By sector, output prices were lowered in the eurozone capital and intermediate goods industries, but raised at consumer goods producers.

July saw average purchase prices increase for the second straight month and to the greatest extent during the year-to-date. However, the rate of inflation remained subdued compared to the historical standards of the survey.

Almost all of the nations covered reported higher input costs in July, the sole exception being Germany (which saw purchase prices fall for the sixth month running). The steepest increases were registered in Italy, Spain and France.

Comment:

Chris Williamson, Chief Economist at Markit said:

“The final manufacturing PMI for the euro area for July came in slightly below the flash estimate, most likely reflecting growing concerns following the escalation of the crisis in Ukraine towards the end of the month.

“Output and orders are growing at lacklustre rates compared to earlier in the year, meaning firms remain reluctant to take on more staff. The weakness of demand in turn meant companies were generally unable to raise prices for their goods without fear of losing sales.

“The plight of the French manufacturing sector is the greatest concern, where output declined at the fastest rate since December. It is also disappointing to see a renewed downturn in Greece alongside slowing growth in Spain and Italy. Some encouragement can be sought from upturns in the PMIs for Germany, the Netherlands and Austria although even in these countries rates of growth are frustratingly weak.

“The situation in the eurozone has clearly worsened from the promising signs of economic revival seen earlier in the year. The manufacturing sector is showing signs of stalling, inflation is running at just 0.4% and the tensions with Russia are threatening to lead a further retrenchment of spending and investment by businesses and households.

“The ECB will be eager to see the impact of the policy measures announced in June, though these are clearly going to take some time to filter through to the real economy. There were signs of growth picking up in the service sector, according to July’s flash PMI survey, which will have provided some encouragement to policymakers that stimulus measures will boost growth as we move through the second half of the year. In the meantime, talk of quantitative easing will be heightened by these weak manufacturing numbers.”

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of Eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The July 2014 flash was based on 93% of the replies used in the final 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 Manufacturing <i>PMI</i> [®]	0.0	0.2

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 revised data are available to subscribers from Markit. Please contact economics@markit.com.

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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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