

# News Release

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

### Eurozone manufacturing returns to growth at start of third quarter

**Data collected 12-24 July.**

- Final Eurozone Manufacturing PMI at two-year high of 50.3 in July (flash: 50.1)
- PMIs rise in all nations except Spain
- Price pressures remain on the downside, as input costs and output prices fall further

**Manufacturing PMI® (overall business conditions)**

Eurozone Manufacturing PMI, sa, 50 = no change



July PMI data signalled a welcome return to growth for the Eurozone manufacturing sector. Production and new orders both increased at the fastest rates since mid-2011, as new export business expanded and a number of domestic markets moved closer to stabilisation.

The seasonally adjusted **Markit Eurozone Manufacturing PMI®** rose to a two-year high of 50.3 in July, up from 48.8 in June and above the neutral 50.0 mark for the first time since July 2011. The PMI was also above the earlier flash estimate of 50.1.

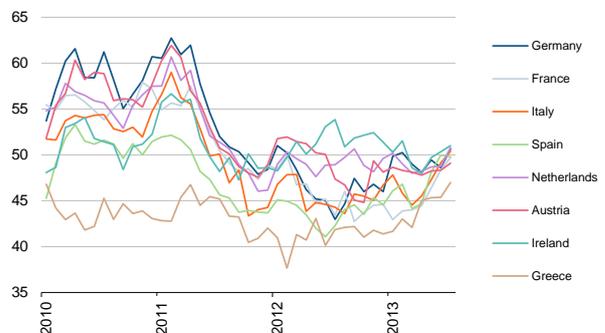
Ireland's manufacturing PMI signalled growth for the second straight month in July, while PMIs for Germany, Italy and the Netherlands all edged back into expansion territory. The downturns signalled for France, Austria and Greece eased to the weakest for 17, eight and 43 months respectively. Spain was the

only PMI to dip lower during the latest survey month, but it was nonetheless the second-highest in 27 months.

**Countries ranked by Manufacturing PMI®: July**

Ireland	51.0	5-month high
Netherlands	50.8	24-month high
Germany	50.7 (flash 50.3)	18-month high
Italy	50.4	26-month high
Spain	49.8	2-month low
France	49.7 (flash 49.8)	17-month high
Austria	49.1	8-month high
Greece	47.0	43-month high

Manufacturing PMI, sa, 50 = no change



Eurozone manufacturing production rose for the first time since February 2012, underpinned by the first growth in new order volumes for over two years. New export orders also posted a slight increase following June's marginal decline.

By country, Germany recorded the strongest output growth in July, mainly due to improving domestic demand as new export orders declined (albeit at a slower pace). Production increased further in Italy, the Netherlands and Ireland, and returned to growth in France and Austria. Unlike Germany, the expansions in these nations were generally led by solid increases in new export business.

Greece remained the worst performer overall, recording the steepest reductions in output, new orders and new exports of all the nations covered by the surveys. Spain was the only nation to report a faster rate of contraction in output.

Job losses were recorded at eurozone manufacturers for the eighteenth month running in July, although the rate of reduction was the weakest during that period. Meanwhile, backlogs of work fell at the slowest pace in over two years.

Goods producers remained cost-cautious during July. Apart from ongoing reductions to staffing levels in all countries except Ireland, manufacturers also maintained a preference for lower inventory holdings and reduced their input purchasing accordingly.

By country, manufacturing employment in Ireland rose at the fastest rate in seven months. German staffing levels moved close to stabilisation, while the downturns in Italy, France, the Netherlands and Greece all slowed. Job cuts accelerated in Spain and Austria.

Price pressures remained on the downside during the latest survey period, as input costs and output charges both fell in July. The rate of decrease in input prices accelerated slightly, mainly due to the sharpest decline in Germany since July 2009.

The rate of reduction in output prices at eurozone manufacturers eased to the slowest in four months. Only Ireland and Austria reported higher selling prices. Rates of reduction eased in Germany, Italy, the Netherlands and Greece – although Greece nonetheless saw the steepest decrease of all the nations covered.

## Comment:

**Rob Dobson, Senior Economist at Markit** said:

*“Eurozone manufacturing made a positive start to the third quarter, with welcome signs of growth returning to the sector. The PMI rose to a two-year high, as rising export demand and stabilising domestic markets took growth of new orders and output to rates, albeit still modest, last scaled in mid-2011. This hopefully places the sector nicely to provide a positive spur to the third quarter GDP numbers and help the euro area exit recession.*

*“Manufacturing output rose again in Germany, Italy, the Netherlands and Ireland during July, while there were welcome returns to growth for France and Austria. The breadth of the expansion will hopefully aid in its sustainability. Even the downturn in Greece showed signs of easing, while Spain saw its second-weakest contraction for over two years.*

*“The bugbear of eurozone manufacturing remains its lacklustre labour market, which contributes to the persistent joblessness of the region as a whole. Even here there were tentative signs of recovery, with the rate of manufacturing job losses easing to a one-and-a-half year low. Meanwhile, falling commodity prices and intense competition are still keeping inflationary pressures in the sector at bay and posing no real issues for policymakers.*

-Ends-

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**Note to Editors:**

The Eurozone Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) 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 90% 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 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> <sup>®</sup>	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](mailto:economics@markit.com).

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**About PMIs**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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