

# **News Release**

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

# **Eurozone manufacturing recovery continues**

## Data collected 12-21 February.

- Final Eurozone Manufacturing PMI at 53.2 in February (January: 54.0)
- Broad-based expansion of output and new orders. Contraction in France eases.
- Price inflationary pressures moderate further

## Manufacturing PMI® (overall business conditions)



At 53.2 in February, the final seasonally adjusted **Markit Eurozone Manufacturing PMI**® came in above the earlier flash estimate of 53.0. Although indicating a modest slowdown in the rate of expansion from January's 32-month high, this still confirmed that the manufacturing recovery had completed its eighth successive month.

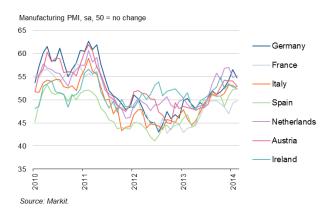
Growth was broad-based in February, with PMI readings for six out of the seven nations for which data were available signalling expansion (the Greek Manufacturing PMI is released on 4<sup>th</sup> March).

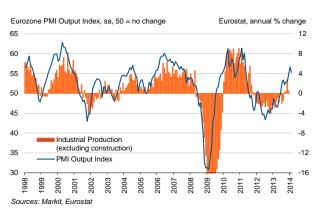
The Netherlands rose back to the top of the PMI league table and, along with Ireland and Spain, was one of three nations to record a faster rate of expansion than in January. Germany and Austria remained among the strongest performers, despite seeing rates of improvement ease slightly over the

## Countries ranked by Manufacturing PMI®: Feb.

Netherlands	55.2	2-month high
Germany	54.8 (flash 54.7)	2-month low
Austria	53.0	4-month low
Ireland	52.9	2-month high
Spain	52.5	46-month high
Italy	52.3	3-month low
France	49.7 (flash 48.5)	5-month high

#### Data for Greece are released 4th March 2014





month. Italy also continued its recovery, despite its PMI dipping to a three-month low.

Although France remained at the foot of the table, there was brighter news on this front as well. The France Manufacturing PMI rose to a five-month



high of 49.7, up from the flash reading of 48.5, making it the main contributor to the gain between the flash and final eurozone PMI.

Eurozone manufacturing output, new orders and new export business all rose for the eighth successive month in February. Rates of expansion also remained solid in all three cases, despite losing some impetus compared to the prior month.

All seven of the nations for which February data were available reported higher levels of production and new export orders. France was the only one of those nations to see a drop in total new orders, although the pace of contraction was weaker than signalled by the earlier flash estimate.

The outlook for eurozone manufacturing production also remained positive, with backlogs of work rising for the fifth straight month and stocks of finished goods showing a further decline. Improved demand and increased levels of work-in-hand encouraged further jobs growth, with employment rising for the second successive month in February.

The pace of increase in payroll numbers remained only modest, however, and was weaker than in the previous month. Rates of job creation accelerated in Ireland (four-month high), Spain (six-and-a-half-year record) and Austria (11-month high), but eased marginally in Germany and Italy. Employment returned to growth in the Netherlands, but declined in France.

On the price front, inflationary pressures continued to subside in February. Average input costs declined slightly for the first time in six months, reflecting (in part) lower energy prices. Input costs fell in Germany and France, but rose in Italy, Spain, the Netherlands, Austria and Ireland. Meanwhile, average output charges rose only marginally and at the weakest pace since last October. A number of firms indicated that they were still facing strong competition. The big-three nations of Germany, France and Italy all reported higher selling prices, as did Austria.

#### Comment:

### Chris Williamson, Chief Economist at Markit said:

"The dip in the manufacturing PMI, its first fall for five months, is a disappointment and a reminder of the hesitant nature of the region's nascent recovery. However, we should not lose sight of the fact that this is the second-strongest reading that the eurozone has seen for almost three years.

"Despite the February fall, the survey remains consistent with industrial production growing at a robust quarterly rate of 1.0% in the first quarter, meaning manufacturing is on course to provide a substantial boost to the overall economy. Gross domestic product looks set to rise by 0.4-0.5% in the first three months of the year, assuming the recovery does not lose further momentum in March.

"With new orders and backlogs of work still rising at reasonable rates, further ongoing expansion is signalled for coming months. Employment has now also risen for two consecutive months, as firms seek to boost capacity in the face of the brightening outlook. Job growth is still very weak though, and manufacturing will not help bring about any rapid falls in the region's near-record unemployment rate any time soon.

"Policymakers will nonetheless be reassured that the trends in manufacturing output and employment are moving in the right direction, and that the recovery is broadening out. February was the first time for almost three years that output rose in all four of the largest euro nations, as France eked out a welcome return to expansion alongside surging growth in Germany and strong increases in Spain and Italy."

-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 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 February flash was based on 84% 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 <a href="mailto:economics@markit.com">economics@markit.com</a>.

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#### About PMI

Purchasing Managers' Index® (PMl®) 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 <a href="https://www.markit.com/economics">www.markit.com/economics</a>.

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