

News Release

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

Eurozone manufacturing recovery broadens in April

Data collected 11-23 April.

- Final Eurozone Manufacturing PMI at 53.4 in April (flash estimate: 53.3)
- Output and new order growth recorded in all nations covered
- Input and output prices fall further

Manufacturing PMI® (overall business conditions)



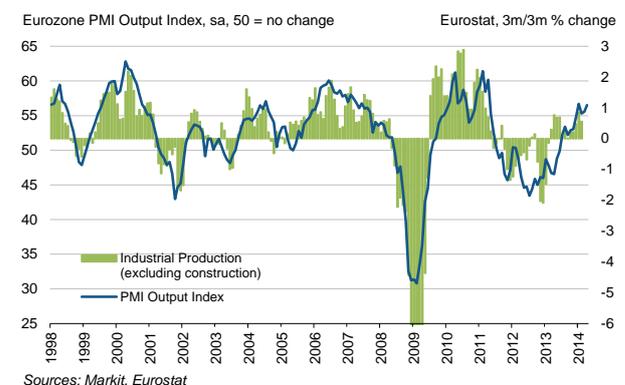
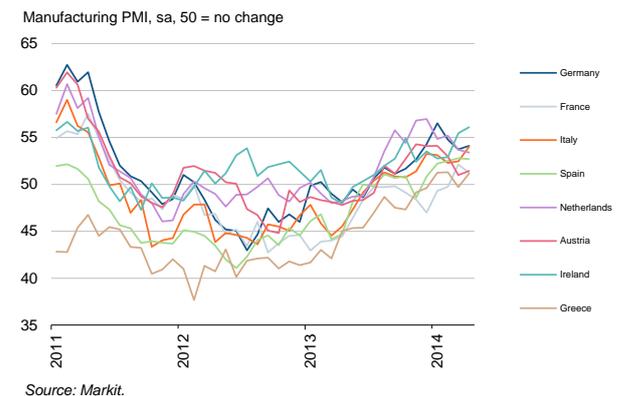
The upturn in the eurozone manufacturing sector gained traction in April. The final seasonally adjusted **Markit Eurozone Manufacturing PMI®** rose to a three-month high of 53.4, up from March's 53.0 and the flash estimate of 53.3. The PMI has signalled expansion for ten successive months.

April saw a broadening of the recovery, with PMI readings for all of the nations for which data are collected above the 50.0 mark that divides expansion from contraction for the first time since November 2007. Levels of output and new business also increased across all of the nations.

Price pressures remained on the downside. Input costs fell at the fastest pace since July 2013, reflecting reports of successful price negotiations, competition among suppliers and lower prices for metals and food products. Output charges, meanwhile, declined slightly for the second straight

Countries ranked by Manufacturing PMI®: April

Ireland	56.1	38-month high
Germany	54.1 (flash 54.2)	2-month high
Italy	54.0	36-month high
Netherlands	53.4	9-month low
Spain	52.7	2-month low
Austria	51.4	2-month high
France	51.2 (flash 50.9)	2-month low
Greece	51.1	2-month high



month. The Netherlands was the only nation to report an increase in output charges during the latest survey month.

Ireland stayed at the top of the PMI league table in April, with its pace of expansion hitting a 38-month record. Rates of improvement also accelerated in

Germany, Italy and Austria, but eased in France, Spain and the Netherlands. Greece returned to growth.

Eurozone manufacturing production rose for the tenth successive month in April, with the rate of expansion the highest since January. At its current level, the Output Index from the survey is consistent with quarterly growth of official industrial production of close to 1.0%.

Underlying the accelerated increase in output was a further gain in new business, as domestic market conditions continued to stabilise and export orders posted a further increase. Although the rate of expansion in total new orders eased slightly, it remained above the average for the current ten-month sequence of growth.

Higher levels of new export business were reported in almost all of the nations covered, the exceptions being Greece (a decline) and Austria (no change). Where an increase was reported, this was linked to improving economic conditions in key markets such as the US and Asia.

The pace of new order growth tested capacity at a number of eurozone manufacturers, leading to an accumulation of backlogs of work for the seventh successive month in April. With both new business and outstanding work rising further, companies increased employment for the fourth straight month and at the fastest pace since August 2011.

Rates of job creation accelerated in Germany, Italy and Spain, and stabilised in Ireland and Austria. The Netherlands and Greece also reported slight increases to payroll numbers following declines in the prior survey month. A slight cut to headcounts was implemented in France, however, reversing the slight gain registered in March (which was the first rise in two years).

Comment:

Chris Williamson, Chief Economist at Markit said:

“The Eurozone PMI paints a promising picture for the region’s manufacturers at the start of the second quarter. The April survey is broadly consistent with industrial production growing at a quarterly rate of 1%, rising close to 2% in Germany.

“Particularly welcome is the news that previously-struggling countries such as Spain and Italy are now also seeing robust growth, with the surveys indicating growth close to 1.0% in both cases.

“While Germany, Spain and Italy are enjoying a good start to 2014 so far, France remains a concern, with the PMI tracking a quarterly growth rate of less than 0.5%, trailing its peers by a considerable margin. The key to the divergence appears to lie largely in export performance and competitiveness, with renewed robust growth of foreign sales in Spain and Italy in recent months contrasting with mediocre export growth in France.

“Regardless of the divergent rates of growth, perhaps the best take-away from the April survey is the news that all countries recorded PMI readings above the no change level of 50, which highlights how the recovery is becoming more broad-based and therefore hopefully more sustainable, as rising demand from each member state feeds growth in other countries.

“It remains to be seen is whether this strengthening of demand will feed through to more pricing power, which remains weak due to the widespread existence of spare capacity and high unemployment in many countries. With factory gate prices falling for a second month running, policymakers will remain concerned about deflationary forces.”

-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 April flash was based on 92% 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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