

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Flash Eurozone PMI®

Eurozone stuck in slow growth rut at start of second quarter

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 53.0 (53.1 in March). 2-month low.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 53.2 (53.1 in March). 2-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 51.5 (51.6 in March). 2-month low.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 52.5 (53.1 in March). 2-month low.

Data collected April 12-21

The eurozone continued to show only modest growth in April, according to the latest flash *PMI*® data. The **Markit Eurozone PMI** dipped from 53.1 in March to 53.0 in April, according to the preliminary reading based on approximately 85-90% of normal monthly replies.

The PMI suggests the pace of economic growth at the start of the second quarter is marginally weaker than the average seen in the first quarter, and slightly slower than the average seen last year.

Only moderate growth was again seen in both manufacturing and services. In both cases the rates of expansion were just below the averages for the first quarter of 2016.

Growth of **new orders** improved to a three-month high, but was slightly below the average seen over the past year. Subdued rates of increase were signalled for both goods and services.

Similarly, **employment** growth picked up slightly in both sectors but remained subdued, meaning the overall increase failed to match the rate of job creation seen around the turn of the year. **Backlogs of work** barely rose, continuing the near-stagnant trend seen in both manufacturing and services over the past three months, which suggests that current capacity levels and employment growth are adequate to meet demand.

Markit Eurozone PMI and GDP



Input prices rose, albeit only modestly, for the first time in four months, reflecting higher costs in the service sector and an easing in the rate of decline of manufacturing input prices to a four-month low, largely due to some firming of commodity prices.

Average **selling prices** continued to fall, however, as firms often offered discounts to win sales. The rate of decline nevertheless eased to suggest some moderation of deflationary pressures. Slower reductions in charges were registered in both manufacturing and services.

Expectations about **future business activity** in the service sector remained in line with the average seen in the first quarter.

Intra-regional trends

France edged out of the stagnation seen in March, but continued to act as a major drag on the region with only a marginal increase in activity. Growth meanwhile slowed for the fourth month running in both Germany (nine-month low) and in the rest of the region (14-month low).

Continued ...

Comment

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

“The eurozone economy remains stuck in a slow growth rut in April, with the PMI once again signalling GDP growth of just 0.3% at the start of the second quarter, broadly in line with the meagre pace of expansion seen now for a full year.

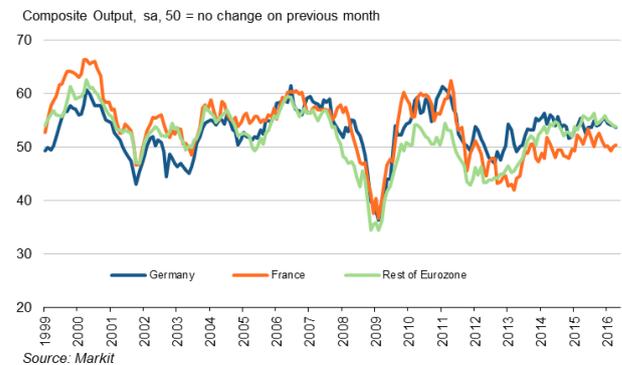
“A failure of business expectations to revive following the ECB’s announcement of more aggressive stimulus in March is a major disappointment and suggests that the modest pace of growth is unlikely to accelerate in coming months.

“France continues to act as a major drag on the region, with goods exports slumping to the greatest extent for over three years. Germany and the rest of the region are enjoying more robust expansions by comparison, though growth rates slowed in April.

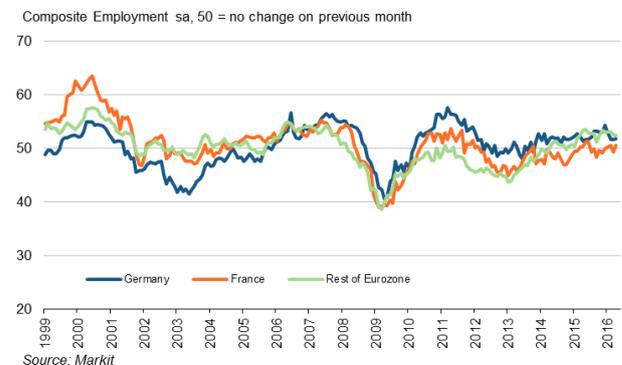
“Those looking for more positive signs will see that employment growth lifted higher and price gauges ticked upwards, but all are merely improving from low bases. Even more aggressive policy action may therefore be required to drive a more robust and sustainable recovery and reignite inflationary pressures.”

-Ends-

Core v. Periphery PMI Output Indices



Core v. Periphery PMI Employment Indices

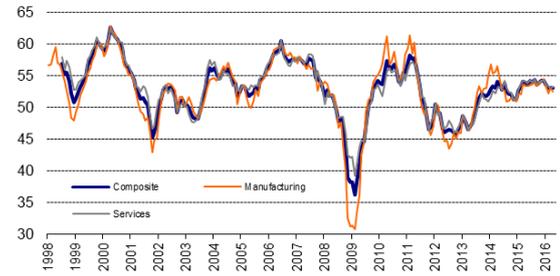


Summary of April data

Output	Composite	Output growth matches February's recent low.
	Services	Services growth second-weakest in 15 months.
	Manufacturing	Output growth slows in April.
New Orders	Composite	New business growth broadly in line with Q1 average.
	Services	New business increases at fastest rate in three months.
	Manufacturing	New order growth joint-weakest since April 2015.
Backlogs of Work	Composite	Backlogs rise only fractionally in April.
	Services	Outstanding business little-changed since March.
	Manufacturing	Backlogs increase marginally.
Employment	Composite	Jobs growth picks up slightly from March's six-month low.
	Services	Job creation continues.
	Manufacturing	Employment growth sustained at slightly faster pace.
Input Prices	Composite	Input prices rise for first time in four months.
	Services	Input price inflation at four-month high.
	Manufacturing	Input prices fall at weakest rate in 2016 so far.
Output Prices	Composite	Charges fall for seventh consecutive month.
	Services	Charges continue to decrease slightly.
	Manufacturing	Output prices decline for eighth successive month.
PMI⁽³⁾	Manufacturing	PMI edges lower to 51.5, from 51.6 in March.

Output

Eurozone PMI - Output



New business

Eurozone PMI - New Business



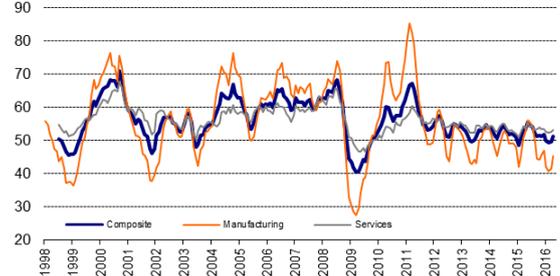
Employment

Eurozone PMI - Employment



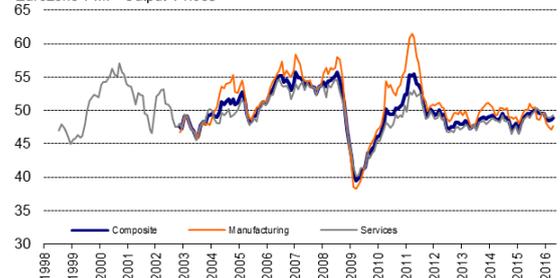
Input prices

Eurozone PMI - Input Prices



Output prices

Eurozone PMI - Output Prices



Source: Markit.

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Note to Editors:

Final April data are published on May 2 for manufacturing and May 4 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 4,000 people in 11 countries. Markit shares are listed on Nasdaq under the symbol MRKT. For more information, please see www.markit.com.

About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 30 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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