

News Release

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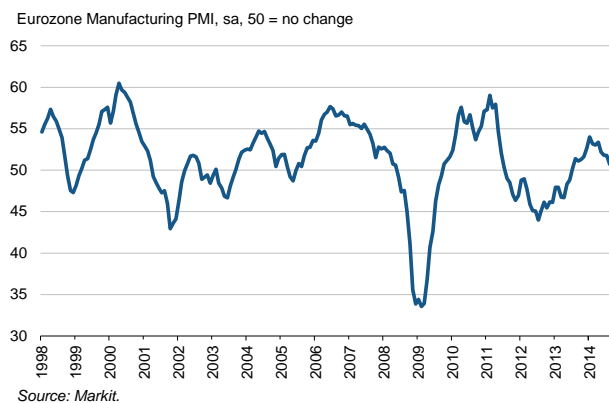
Markit Eurozone Manufacturing PMI® – final data

Eurozone Manufacturing PMI at 13-month low in August

Data collected 12-21 August.

- Final Eurozone Manufacturing PMI at 50.7 in August (flash estimate: 50.8)
- Ireland remains a bright spot, in contrast to broad slowdown across much of the eurozone
- Payroll numbers trimmed further

Manufacturing PMI® (overall business conditions)



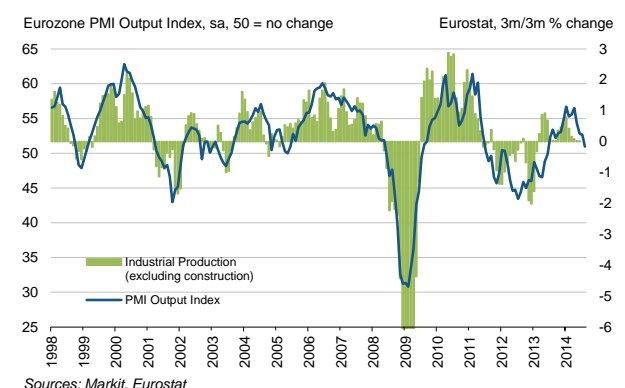
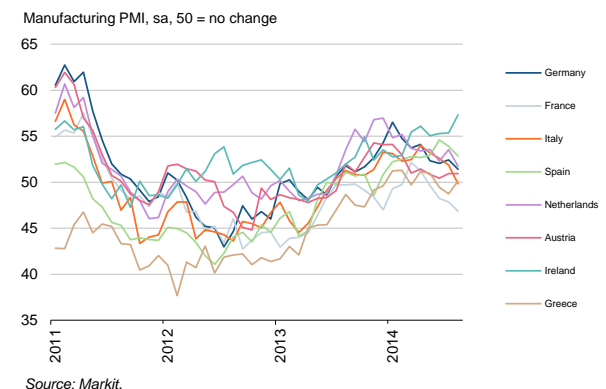
The rate of expansion in eurozone manufacturing production eased to its lowest during the current 14-month growth sequence in August, as companies faced slower increases in both total new orders and new export business.

The final seasonally adjusted **Markit Eurozone Manufacturing PMI®** posted 50.7 in August, down from 51.8 in July, its lowest reading since July last year. The headline PMI was also below its earlier flash estimate of 50.8.

National PMI data signalled a broad easing in the manufacturing recoveries underway across much of the currency union. Although Ireland was a noticeable exception, with its PMI at the highest level since the end of 1999, rates of expansion slowed in Spain, the Netherlands and Germany.

Countries ranked by Manufacturing PMI®: Aug.

Ireland	57.3	176-month high
Spain	52.8	4-month low
Netherlands	51.7	13-month low
Germany	51.4 (flash 52.0)	11-month low
Austria	50.9	Unchanged
Greece	50.1	3-month high
Italy	49.8	14-month low
France	46.9 (flash 46.5)	15-month low



The Greek PMI edged back above the 50.0 mark in August, while the rate of growth in Austria held steady. France remained the laggard, with its PMI signalling the sharpest rate of decline since May 2013, while Italy dropped back into contraction territory following 13 months of expansion.

The rate of expansion in new work received also slowed to the weakest in the current 14-month period of growth. Economic and geopolitical uncertainties were the main factors underlying slower demand growth. Inflows of new export business posted the slowest rise since July 2013.

France was the only nation to report an outright decline in new export orders in August, while rates of increase eased in Germany, Italy and Greece. Ireland, Spain and Austria reported stronger inflows of new export business.

With the trend in new order inflows still generally lacklustre overall, backlogs of work fell further and companies trimmed their payrolls for the second straight month. Although the reduction in headcounts was only slight, it was nonetheless the steepest since November 2013.

The big-three nations of Germany, France and Italy all reported job losses, as did Greece. Staffing rose in Spain, the Netherlands, Austria and Ireland, but Ireland was the only nation to report a faster pace of hiring than in July.

Signs that the manufacturing sector may be on course for further easing in the coming months was signalled by data on purchasing and stock holdings. Input buying volumes fell for the first time in over a year and inventories were reduced further as strong competition led companies to maintain a cost-cautious position. Meanwhile, the forward-looking ratio of new orders to finished goods inventories dipped to a 13-month low.

Average input prices continued to increase during August, with the rate of inflation slightly lower than the previous month. Manufacturing output charges continued to show little movement, with the rate of inflation little-changed compared to the pace prevailing over the prior three months.

German and Italian manufacturers continued to signal a modest degree of pricing power, in contrast to the cuts in selling prices seen across the other nations covered by the survey.

Comment:

Rob Dobson, Senior Economist at Markit said:

“The eurozone manufacturing sector lost further growth momentum in August, with the recovery in production slowing for the fourth straight month to the weakest in the current 14-month sequence of expansion.

“Although some growth is better than no growth at all, the braking effect of rising economic and geopolitical uncertainties on manufacturers is becoming more visible. This is also the case on the demand front, with growth of new orders and new export business both slowing in August.

“National data provided some bright spots, with the Irish numbers still buoyant and signs that Greece managed to move back into expansion territory. France remains a real concern though, with its manufacturing sector contracting at the quickest pace since May 2013, as does Italy’s descent from solid expansion to stagnation. Signs that growth impetus waned in the key industrial engine of Germany, and in Spain and the Netherlands too, is also less than reassuring.

“The slowdown in industry is likely to add further fuel to the fire for analysts expecting additional monetary or fiscal stimulus to be implemented. Eyes will now turn to the services PMI numbers on Wednesday for further clues on underlying growth momentum and whether policymakers can continue to wait for earlier measures to start to deliver.”

-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 August 2014 flash was based on 94% 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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