

News Release

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

Eurozone growth turns higher for first time in three months

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 53.7 (53.0 in February). 3-month high.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 54.0 (53.3 in February). 3-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 51.4 (51.2 in February). 2-month high.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 52.7 (52.3 in February). 2-month high.

Data collected March 11-21

The Eurozone economy regained some momentum at the end of the first quarter, expanding at the fastest rate since December. Markit's flash Eurozone *PMI*[®], which tracks changes in business activity across the region, rose from 53.0 in February to 53.7 in March. The improvement was a welcome reversal of the declines seen in the prior two months.

However, despite the rise in March, the average PMI reading for the first quarter of 53.4 was the lowest quarterly trend for a year, signalling a slight slowing in the pace of economic growth.

The upturn in March was led by services, where business activity growth revived from February's 13-month nadir to reach a three-month high, aided by a marginal uplift in new business growth. Expectations about the year ahead also rose in the service sector, reaching the second-highest seen in the past 11 months.

Manufacturing once again lagged behind services, but also saw growth of output and new orders accelerate slightly, improving on the 12- and ten-month respective lows seen in February.

Overall growth of new orders accelerated marginally from the one-year low seen in February as a result, but other indicators from the survey were less positive.

Markit Eurozone PMI and GDP



Employment showed the smallest monthly increase since last September and backlogs of work, a key gauge of existing orders that firms have not yet completed, barely rose.

Headcounts showed the smallest increase for six months in services and 16 months in manufacturing, as firms in both sectors remained cautious about the outlook and keen to keep costs down.

Prices meanwhile continued to fall. Average input costs dropped slightly for a third successive month, helping drive down average prices charged by firms for their goods and services at the second-fastest rate seen for just over a year, the rate of decline easing only marginally compared to February.

By country, Germany again saw robust growth, although the rate of expansion was unchanged from February's five-month low. New order growth was the weakest for eight months and job creation was the slowest for 11 months. Manufacturing output rose only modestly although services expansion remained solid.

France saw business activity rise again after sliding into contraction in February, with modest revivals

seen in both manufacturing and services. However, the overall rate of growth remained only modest and job creation edged closer to stagnation.

Elsewhere in the region, the rate of business activity growth improved on February's five-month low, but nevertheless rounded off the slowest quarterly expansion seen for a year.

Comment

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

“The eurozone saw renewed signs of life at the start of spring. The March PMI showed a welcome end to the worrying slowdown trend seen in the first two months of the year, putting the region on course for a 0.3% expansion of GDP in the first quarter.

“The German economy looks to have expanded by 0.4% in the first quarter, but France remains close to stagnation despite seeing a return to growth in March.

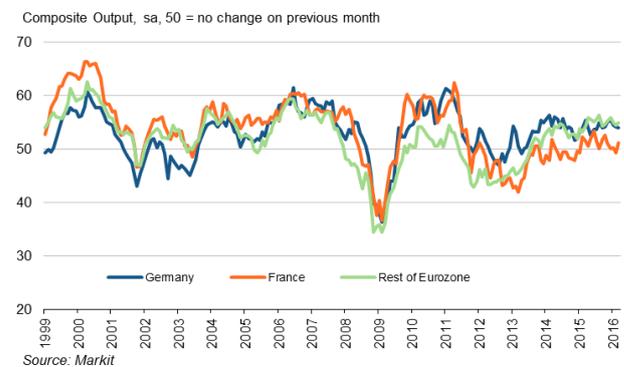
“Plenty of worrying signs persist, however, to take the shine off the rise in the headline PMI. New order growth barely improved on the one-year low seen in February and job creation slowed further, which suggests that stronger growth in coming months is by no means assured.

“Deflationary pressures also remain stubbornly widespread as a lack of demand led to further discounting in March.

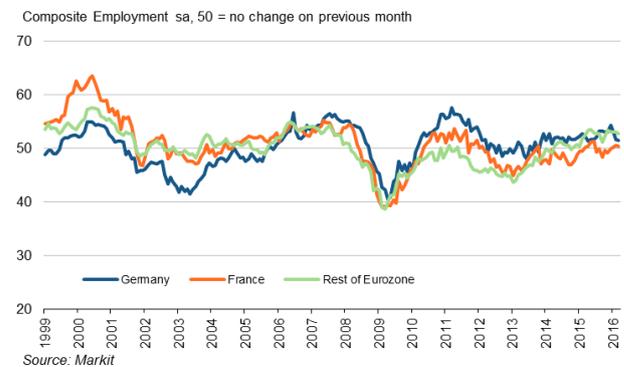
“The upturn in March nevertheless hopefully provides a springboard for recent additional stimulus from the ECB to help boost growth further in the second quarter and into the summer.”

-Ends-

Core v. Periphery PMI Output Indices



Core v. Periphery PMI Employment Indices

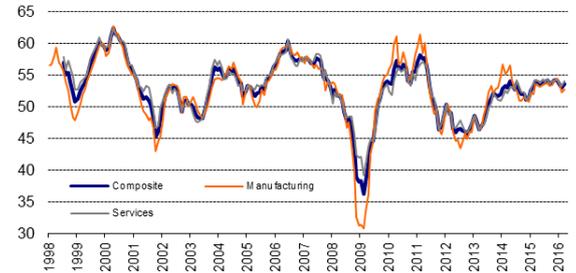


Summary of March data

| | | |
|--------------------------|------------------|---|
| Output | Composite | Output growth picks up from February's 13-month low. |
| | Services | Services growth fastest in three months. |
| | Manufacturing | Output growth slightly stronger than in February. |
| New Orders | Composite | New business growth little-changed from February's 12-month low. |
| | Services | Growth in services new business broadly in line with February's six-month low. |
| | Manufacturing | Manufacturing new order growth broadly unchanged from February's ten-month low. |
| Backlogs of Work | Composite | Outstanding business broadly unchanged since February. |
| | Services | Incomplete business declines fractionally. |
| | Manufacturing | Backlogs rise for eleventh month running. |
| Employment | Composite | Employment growth weakest since last September. |
| | Services | Rate of job creation weakest in six months. |
| | Manufacturing | Jobs increase at slowest rate in 16 months. |
| Input Prices | Composite | Input prices fall for third month running. |
| | Services | Average costs rise at moderate rate. |
| | Manufacturing | Input prices fall at second-fastest rate since July 2009. |
| Output Prices | Composite | Charges decline for sixth month running. |
| | Services | Service providers cut charges for sixth month running. |
| | Manufacturing | Factory gate prices fall at sharpest pace since January 2010. |
| PMI⁽³⁾ | Manufacturing | Manufacturing PMI rises to 51.4, from 51.2, second-lowest in 13 months. |

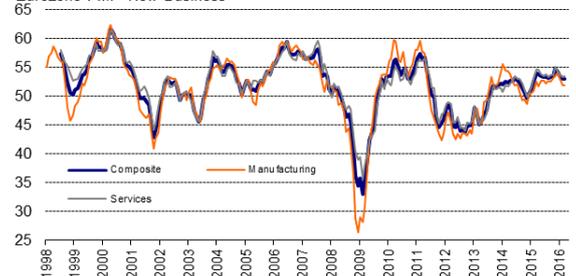
Output

Eurozone PMI - Output



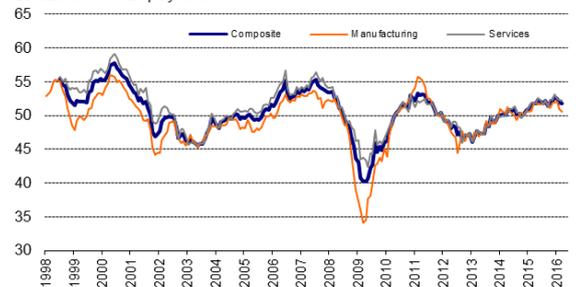
New business

Eurozone PMI - New Business



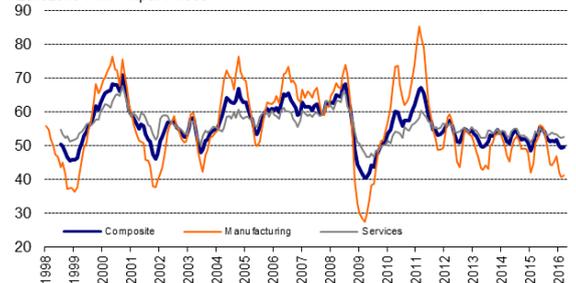
Employment

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 March data are published on April 1 for manufacturing and April 5 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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