

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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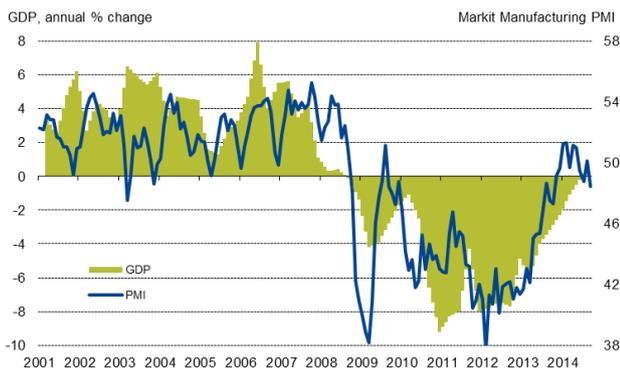
Markit Greece Manufacturing PMI[®]

Production at manufacturers drops slightly in September

Key points:

- Output levels return to contraction as new orders fall
- Factory employment remains in decline
- Purchase prices fall for first time in five months

Historical overview:



Sources: Markit, National Statistical Service of Greece.

Summary:

September saw slight decreases in both manufacturing output and new orders, reversing the gains seen mid-quarter. This renewed weakness contributed to further job losses in the sector, with firms' excess capacity evidenced by a continued depletion of backlogs of work. Elsewhere, the latest survey data pointed to a decrease in average purchase prices for the first time in five months and an improvement in suppliers' delivery times as demand for inputs contracted.

Registering 48.4 in September, the seasonally adjusted headline Markit Greece Manufacturing *Purchasing Managers' Index*[®] (*PMI*[®]) pointed to a deterioration in overall business conditions at Greek factories at the end of the third quarter. Furthermore, this was the headline index's lowest mark in almost a year, and its third sub-50 reading in the past four months following August's 50.1.

Production at Greek manufacturers decreased slightly in September, marking the second

contraction in three months after solid growth during August. One factor causing output levels to fall was a renewed decline in new order inflows which had likewise risen one month earlier. The level of export orders at manufacturers was meanwhile unchanged on the month, ending a run of modest growth stretching back to May.

A lack of incoming new work meant that companies were able to continue to reduce their backlogs of unfulfilled orders during September. The rate of decline in incomplete business was solid, despite having eased notably from the sharp pace recorded in August.

Manufacturers reacted to deteriorating workloads by reducing both their staffing numbers and purchases of raw materials and semi-finished goods during September, with buying levels falling to the greatest extent so far this year. However, employment contracted at the slowest rate in the current four-month sequence of net job losses.

Stocks of purchases at manufacturers decreased in accordance with lower purchasing activity, and there was also a notable drop in post-production inventories on the month (although one that was slower than in August).

Data regarding supply-side conditions faced by manufacturers were generally consistent with weakening demand for inputs. Average purchase prices decreased slightly and for the first time since April, while vendors' delivery times were fractionally faster compared with the situation one month ago. This shortening of lead times (albeit only marginal) was the first such improvement in supplier performance in more than two-and-a-half years.

Finally, September's survey indicated a slower decrease in manufacturers' output charges. Easing sharply since August, the rate of decline in producer prices was the least marked for more than three years and only modest overall.

Comment:

Phil Smith, Economist at Markit which compiles the Greece Manufacturing PMI[®] survey, said:

“The headline PMI posted its lowest reading in almost a year in September as output and new order intakes fell simultaneously. The picture for the sector across the third quarter as a whole was therefore one of broad stagnation, which was somewhat disappointing given the progress seen in the first half of the year.

“A rare improvement in suppliers’ delivery times showed slack in supply chains and underlined the degree of weakness in the manufacturing economy, as did falling average input prices. While providing some respite for businesses, these developments are scant consolation for the renewed fragility on the demand side.”

-Ends-

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Notes to Editors:

The Greece Manufacturing PMI[®] (*Purchasing Managers’ Index*[®]) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 350 companies based in the Greek manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the ‘Report’ shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the ‘diffusion’ index. This index is the sum of the positive responses plus a half of those responding ‘the same’.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

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.

The Manufacturing Purchasing Managers’ Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers’ Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

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.

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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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