

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 (UK Time) 24 March 2014

Markit Flash Eurozone PMI[®]

Eurozone recovery prospects brighten as France returns to growth

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 53.2 (53.3 in February). 2-month low.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 52.4 (52.6 in February). 2-month low.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 53.0 (53.2 in February). 3-month low.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 55.4 (55.3 in February). 2-month high.

Data collected 12-21 March.

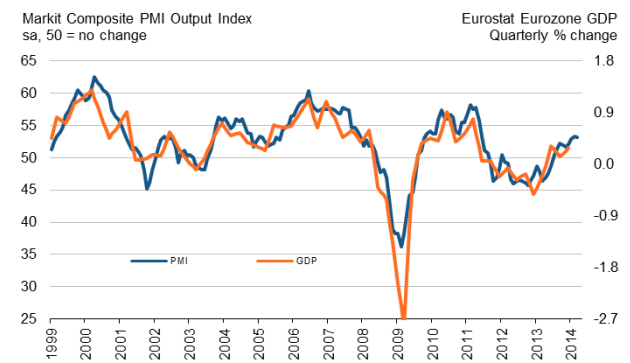
The euro area economy continued to enjoy its strongest spell of growth since the first half of 2011 in March. The flash estimate of the Markit Eurozone PMI[®] Composite Output Index came in at 53.2, only slightly lower than February's 32-month high of 53.3 and registering expansion for the ninth consecutive month.

In a sign that activity growth could pick up again in April, new order growth accelerated marginally in March to the fastest since May 2011. Also encouraging was the biggest increase in backlogs of work since June 2011.

Employment likewise rose, albeit only marginally, up for a second month and providing the first signs of job creation since the end of 2011. The stabilisation of the job market contrasts markedly with the steep rate of job losses this time last year, highlighting the extent to which business confidence has been revived. Optimism about the year ahead in the service sector rose further in March, reaching its highest since May 2011.

Although services output growth moderated slightly since February, activity in the sector has now risen for eight months. Furthermore, new business growth accelerated slightly in March to the highest since June 2011, encouraging firms to take on more staff. Although only slight, the increase in service sector headcounts was notable in being the largest since December 2011.

Markit (Flash) Eurozone PMI and GDP



Source: Markit, Eurostat. GDP = gross domestic product

Manufacturing output and new orders meanwhile both increased for the ninth successive month, at solid rates that were broadly unchanged from February. Factory employment rose for the third month running, though only very slightly as many firms continued to focus on boosting productivity to aid competitiveness.

Despite the upturn in business activity and new orders, the March survey also signalled a further moderation of price pressures. Input costs showed the smallest monthly rise for nine months, while prices charged by manufacturing and service providers fell on average to the greatest extent since last July. Lower prices were often attributed simply to the need to compete to win business.

The biggest change during the month was seen in France where output and new orders returned to growth, both showing the largest monthly improvements since August 2011. The largest gain in backlogs of work over the same period suggests that employment could start rising again in April. The rate of job losses eased in March to show a near-stabilisation of the French job market. Service sector optimism about the year ahead meanwhile held close to February's 23-month high.

Germany, in contrast, saw output growth slow to a four-month low, easing in both manufacturing and

services. The rate of expansion nonetheless remained solid, finishing off the best quarter of growth since the second quarter of 2011. With employment across both manufacturing and services rising for a fifth straight month and service sector optimism remaining strong, German companies look set for further robust growth in the coming months.

Excluding France and Germany, the rest of the eurozone saw output and new orders rise for the eighth month running. In both cases the rate of increase moderated slightly from February's peaks.

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

“The ongoing upturn in business activity in March rounds off the eurozone’s best quarter since the second quarter of 2011. The survey is signalling a 0.5% increase in GDP in the first quarter, building on the 0.3% increase seen in the final quarter of last year.

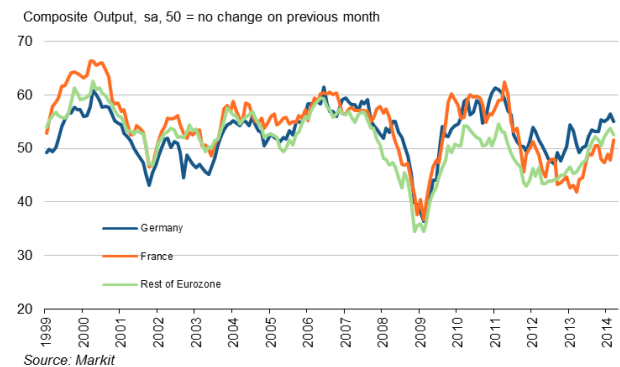
“Germany looks set to have grown by 0.7% in the first three months of the year, spearheading the region’s upturn despite its PMI slipping lower in March. However, perhaps the best news this month is the sign of the region’s upturn spreading to France. While the PMI is consistent with a mere stabilisation of the French private sector economy in the first quarter, the improvement in the PMI to a two-and-a-half year high in March adds to hope that a fully-fledged recovery will be evident in France by the second quarter.

“The rest of the region also enjoyed its best quarter for three years, providing further evidence that the ‘periphery’ is staging a robust-looking recovery.

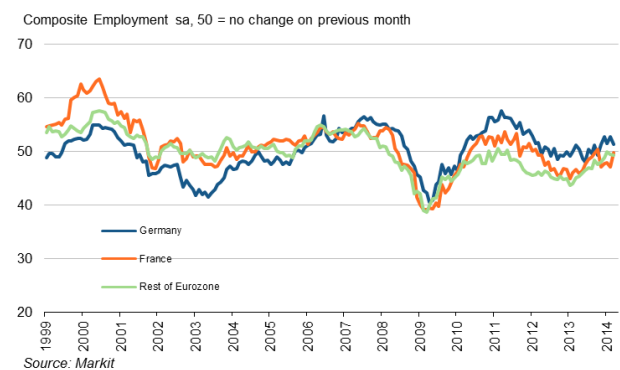
“Policymakers will be encouraged by the survey in terms of the signs of sustained recovery. However, concerns will persist regarding the deflationary forces, especially in the periphery. With prices charged by manufacturers and service providers both falling again in March, there remains an argument for further stimulus, especially if the rate of growth of activity cools again in April.”

-Ends-

Core v. Periphery PMI Output Indices



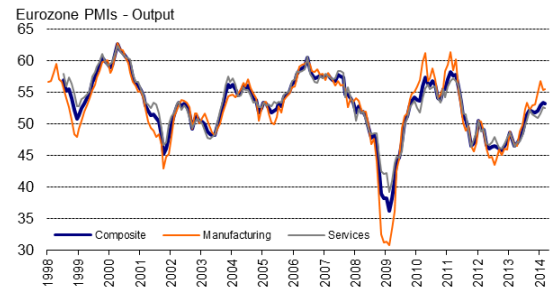
Core v. Periphery PMI Employment Indices



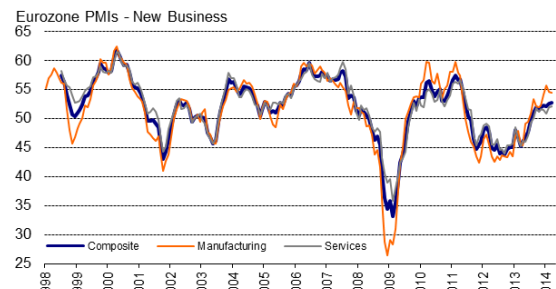
Summary of March data

Output	Composite	Output increases for ninth month running, at stable pace.
	Services	Activity increases for eighth month running, at broadly similar rate as in February.
	Manufacturing	Output growth remains solid.
New Orders	Composite	New business growth at 34-month record.
	Services	New business growth fastest since June 2011.
	Manufacturing	New order growth remains robust.
Backlogs of Work	Composite	Backlogs rise marginally for second time in three months.
	Services	Outstanding business increases fractionally.
	Manufacturing	Backlogs rise for sixth month running.
Employment	Composite	Employment rises marginally.
	Services	Employment increases slightly.
	Manufacturing	Marginal workforce growth maintained.
Input Prices	Composite	Input price inflation slows to nine-month low.
	Services	Input price inflation weakest since June 2013.
	Manufacturing	Input prices fall at sharper rate.
Output Prices	Composite	Output prices fall at fastest rate in eight months.
	Services	Charges decline for twenty-eighth month running.
	Manufacturing	Factory gate prices fall for first time in seven months.
PMI⁽³⁾	Manufacturing	PMI eases to three-month low of 53.0.

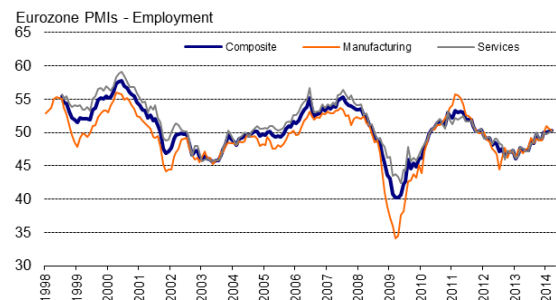
Output



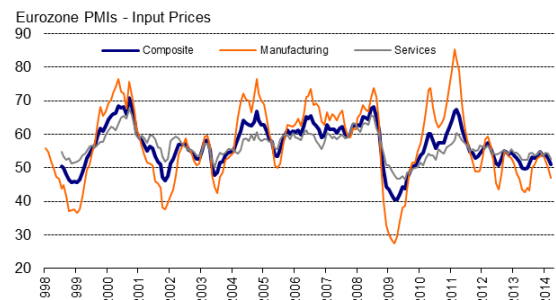
New business



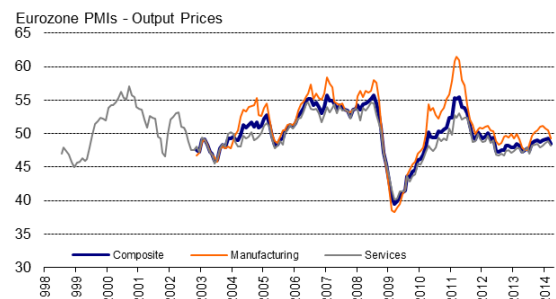
Employment



Input prices



Output prices



Source: Markit.

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Note to Editors:

Final March data are published on 1 April for manufacturing and 3 April 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 3,000 people in 11 countries. For more information, please see www.markit.com.

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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