

News Release

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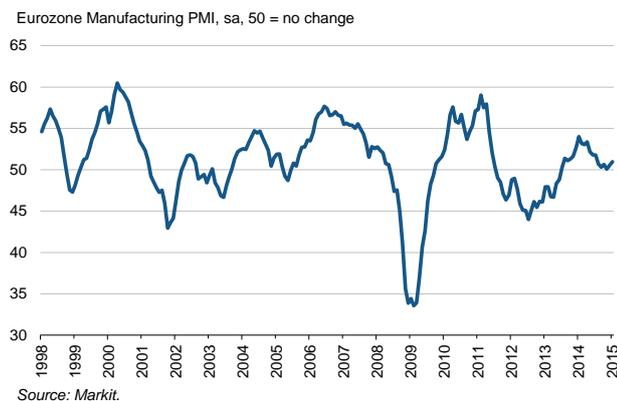
Markit Eurozone Manufacturing PMI® – final data

Manufacturing PMI ticks higher at start of 2015

Data collected 12-23 January.

- Final Eurozone Manufacturing PMI at 51.0 in January (Flash: 51.0, December Final:50.6)
- Output rises in Germany, Italy, Spain, the Netherlands and Ireland
- Input costs fall at sharpest pace in five-and-a-half years

Manufacturing PMI® (overall business conditions)



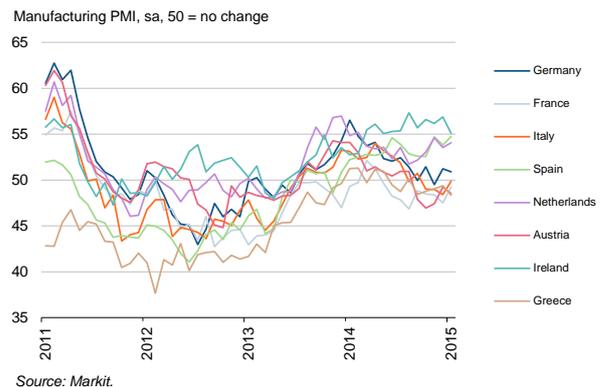
The start of 2015 saw a modest growth acceleration in the eurozone manufacturing sector. The final seasonally adjusted **Eurozone Manufacturing PMI®** posted in line with the earlier flash estimate of 51.0 and slightly above December's print of 50.6.

Improvements in business conditions were seen in Germany, Spain, the Netherlands and Ireland during January, with solid growth again signalled for the latter three. Moreover, growth strengthened in Spain and the Netherlands.

The manufacturing downturns in France, Italy, Austria and Greece continued at the start of the year. The rates of contraction in France and Italy eased to near-stabilisation, but Austria and Greece registered steepening downturns.

Countries ranked by Manufacturing PMI®: Jan.

Ireland	55.1	8-month low
Spain	54.7	2-month high
Netherlands	54.1	2-month high
Germany	50.9 (flash 51.0)	2-month low
Italy	49.9	4-month high
France	49.2 (flash 49.5)	8-month high
Austria	48.5	2-month low
Greece	48.3	15-month low



Manufacturing production rose at the fastest pace for six months in January, underpinned by a mild increase in new order volumes and work on existing contracts. Concurrent growth of production and new business was registered in Germany, Spain, the Netherlands and Ireland.

Italy saw a slight gain in output for the first time since September 2014, and the rate of decline in France eased to the weakest in the current eight-month sequence of contraction. However, the continuing slump in new orders to both nations may act as an ongoing headwind in coming months. Output and new orders also declined in both Austria and Greece.

Eurozone manufacturers are facing a dual constraint of weak domestic demand and subdued export performance. The final quarter of last year and the start of 2015 have seen some of the weakest gains in new export business* since the recovery in foreign order inflows began in July 2013. Germany, France, Austria and Greece all reported declines in January, almost offsetting the solid gains seen elsewhere.

Eurozone manufacturing employment rose for the fifth successive month in January. The rate of jobs growth was in line with December's eight-month high, but remained tepid nonetheless. Workforce numbers rose solidly in Spain and Ireland, while modest gains were signalled in Italy and the Netherlands. Jobs growth eased to near-stagnation in Germany and Greece, while further losses were highlighted in France and Austria.

The recent sharp declines in international oil prices drove average input costs down at the fastest pace for five-and-a-half years. The steepest reductions in purchase prices were signalled in the Netherlands (fastest since May 2009) Germany (fastest since July 2009), Austria and France (steepest in 30 months in both cases).

The trends in average purchase prices in Italy, Spain, Ireland and Greece also moved back into deflationary territory in January, following increases in December.

Lower cost pressures were partly reflected in average selling prices, as output charges fell for the fifth month running and to the greatest extent in over one-and-a-half years. However, the rate of decline in selling prices was substantially less marked than that signalled for input costs. None of the nations covered by the survey reported an increase in selling prices.

*Including intra-eurozone trade.

Comment:

Chris Williamson, Chief Economist at Markit said:

“Eurozone manufacturing showed signs of pulling out of the doldrums at the start of the year, but the rate of expansion remained disappointingly meagre, vindicating the ECB’s decision to take drastic action to revive the economy.

“The ECB’s ‘bazooka’ of full-scale quantitative easing should boost the euro area economy via improved business and consumer confidence and the weakening of the euro. The currency’s fall should benefit exporting manufacturers in particular over coming months. Lower oil prices will also help reduce manufacturers’ costs, with reduced fuel costs also freeing up more consumer income to spend on goods.

“The survey also brought encouraging news that there are pockets of robust growth in Ireland, Spain and the Netherlands.

“However, Germany, France and Italy are more or less stagnating, and the economic situation in Greece has deteriorated, with its manufacturing sector contracting at the fastest rate for over a year as both exports and home demand fell during January.

“There is also a real possibility that the impact of the ECB stimulus could be compromised by uncertainty and instability arising from the unfolding political situation in Greece, which remains a major risk to the economic outlook for the region.

“Deflationary pressures also intensified, with average prices charged by manufacturers dropping at the fastest rate since mid-2013, falling in all countries, albeit linked mainly to producers often passing on lower oil prices.”

-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 January 2015 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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