

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 (UK Time) 23 September 2014

Markit Flash Eurozone PMI[®]

PMI signals further waning of eurozone growth in September

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 52.3 (52.5 in August). 9-month low.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 52.8 (53.1 in August). 3-month low.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 50.5 (50.7 in August). 14-month low.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 51.0 (51.0 in August). Unchanged.

Data collected 12-22 September.

Euro area business activity grew in September at the lowest rate seen so far this year, according to the preliminary 'flash' PMI survey data.

At 52.3, down from 52.5 in August, the Markit Eurozone PMI[™] Composite Output Index fell for a second month running, dropping to its lowest since December of last year. At 52.9, the average quarterly reading for the three months to September was also the lowest so far this year.

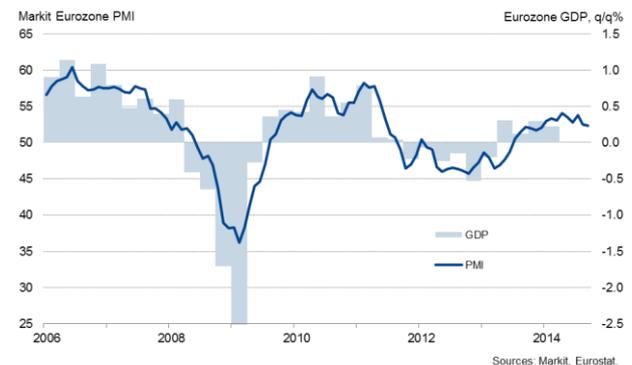
Inflows of new orders rose only modestly, with the rate of increase waning for the third successive month to register the smallest monthly improvement since August of last year.

Employment was largely unchanged once again as companies held back from hiring extra staff due to the weak sales growth. Although payrolls have risen in each of the past six months, gains have been only marginal at best.

With backlogs of work falling in September at the steepest rate since July of last year, the survey suggests companies will continue to have little need to boost payroll numbers in October.

Inflationary pressures remained subdued in the face of weak demand. Companies' selling prices fell again, albeit only marginally, while input costs rose at the weakest rate since May.

Markit PMI and eurozone economic growth



By sector, growth of services activity slowed to a three-month low, while new business growth was the weakest since March. Employment in services barely rose as a result and prices charged fell slightly on average. Future expectations also nudged lower to the least optimistic since July of last year.

Manufacturing fared worse than the service sector with the headline PMI falling to 50.5, its lowest since July of last year and edging closer to the 50.0 mark that signals stagnation. Although factory output grew slightly, new orders fell for the first time since June of last year. Employment was unchanged and prices charged by factories fell for the first time since April.

By country, faster growth in Germany, led by the service sector, was offset by an ongoing downturn in France and slowing of growth elsewhere in the region.

Growth picked up slightly in Germany from the ten-month low seen in August, but a faster pace of expansion in the service sector was countered by growth grinding almost to a halt in factories. The manufacturing PMI for Germany signalling the weakest expansion since July of last year as new orders fell for the first time in over a year.

France meanwhile continued to contract, with the Composite Output Index down to a three-month low

and signalling a fifth successive monthly decline. Service sector activity fell for the first time in three months but the manufacturing PMI, although still signalling decline, rose to a four-month high to suggest an easing in the rate of contraction.

A slight upturn in job creation in Germany contrasted with payrolls falling in France at the fastest rate since February.

Output growth outside of France and Germany slowed to a six-month low, with order inflows registering the weakest rise for ten months. Job creation almost stalled, down to the lowest since April, and prices charged continued to fall.

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

“The survey paints a picture of ongoing malaise in the eurozone economy. With growth of output and demand slowing, employment once again failed to show any meaningful increase. Such torpor meant prices continued to fall as firms fought for customers, which will inevitably heighten concerns that the region is facing deflation.”

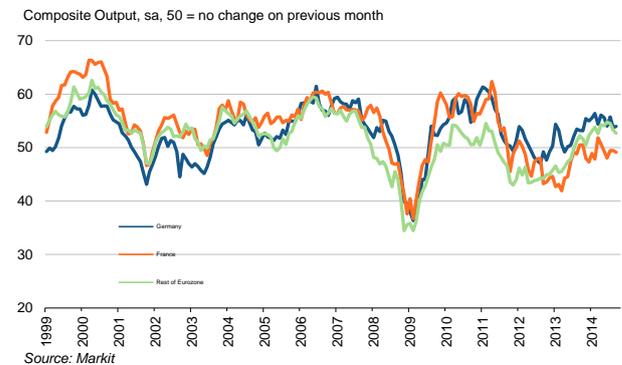
“For a central bank hoping that the economic data flow will start to improve, the ECB will be disappointed by the ongoing weakness of the PMI. The survey data suggest GDP is on course to grow by 0.3% at best in the third quarter, buoyed by a 0.4% expansion in Germany but dragged down by stagnation in France and sluggish growth in the rest of the region.”

“There are also worrying signs that growth could slow further in the fourth quarter. Inflows of new orders in the manufacturing sector are declining again, dropping for the first time in 15 months, and business expectations about the year ahead turned down in the services sector, led down by a slump in confidence in Germany.”

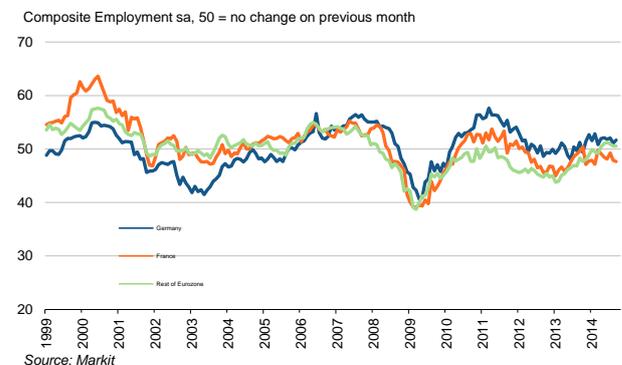
“Concerns about the Ukraine crisis, related Russian sanctions and worries about the single currency area’s general economic plight appear to be having an increased impact on the eurozone economy. The danger is that the ECB’s efforts to stimulate the economy will prove ineffective in the face of such headwinds, which are exacerbating already-weak demand.”

-Ends-

Core v. Periphery PMI Output Indices



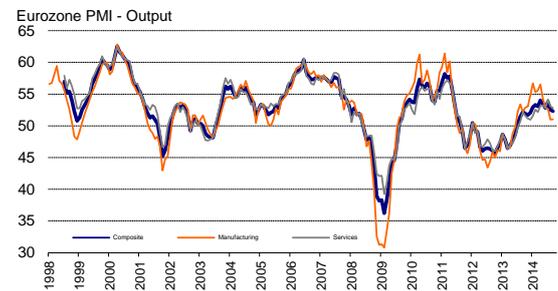
Core v. Periphery PMI Employment Indices



Summary of September data

| | | |
|--------------------------|------------------|--|
| Output | Composite | Output increases for fifteenth month running, but at weakest rate in 2014 so far. |
| | Services | Activity increases at slowest rate since June. |
| | Manufacturing | Output growth joint-weakest in current 15-month sequence. |
| New Orders | Composite | New business growth at 13-month low. |
| | Services | New business growth at six-month low. |
| | Manufacturing | New orders decline for first time since June 2013. |
| Backlogs of Work | Composite | Backlogs decline at fastest rate since July 2013. |
| | Services | Outstanding business falls at strongest pace since February. |
| | Manufacturing | Backlogs fall at fastest rate since May 2013. |
| Employment | Composite | Employment growth remains fractional. |
| | Services | Employment growth unchanged from August's marginal rate. |
| | Manufacturing | Workforces unchanged since August. |
| Input Prices | Composite | Input price inflation at four-month low. |
| | Services | Input price inflation picks up slightly since August |
| | Manufacturing | Input prices fall for first time in four months. |
| Output Prices | Composite | Output prices fall for thirtieth consecutive month. |
| | Services | Charges decline for thirty-fourth successive month. |
| | Manufacturing | Factory gate prices fall for first time in five months. |
| PMI⁽³⁾ | Manufacturing | PMI falls to 14-month low of 50.5. |

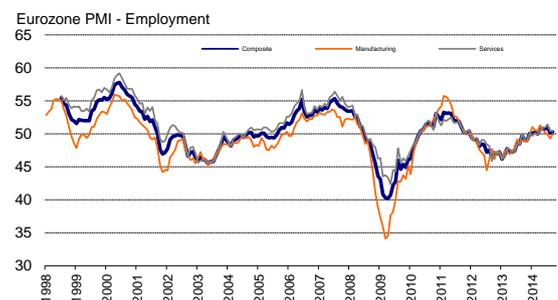
Output



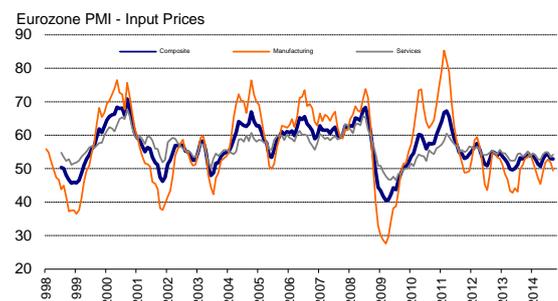
New business



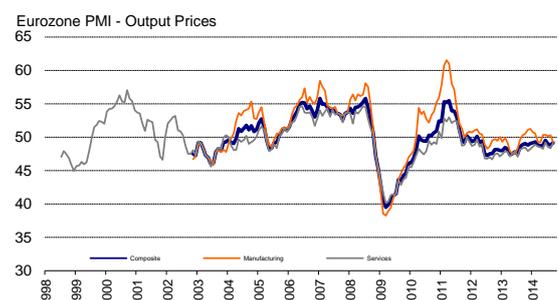
Employment



Input prices



Output prices



Source: Markit.

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Note to Editors:

Final September data are published on 1 October for manufacturing and 3 October 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 10 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 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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