News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:00 (UK Time), 3 November 2014

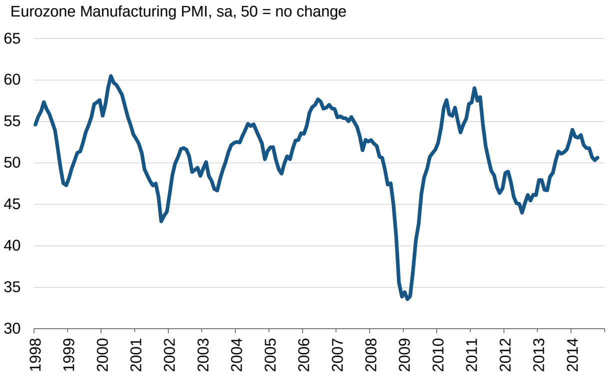
Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing remains lacklustre in October

Data collected 13-24 October.

- Final Eurozone Manufacturing PMI at 50.6 in October (flash estimate: 50.7)
- Growth in Germany, Spain, the Netherlands and Ireland offset by contractions elsewhere
- Input costs fall as oil prices decline

Manufacturing PMI® (overall business conditions)



Source: Markit.

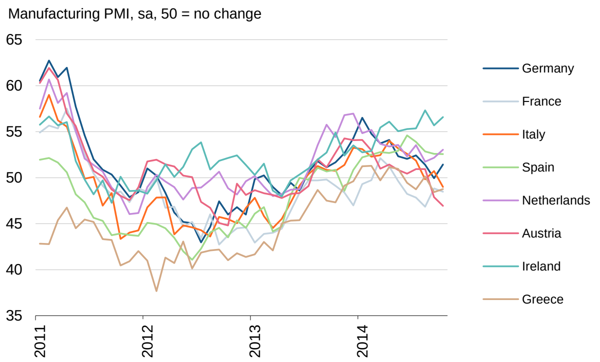
The eurozone manufacturing sector remained in a state of near-stagnation in October, as weak demand continued to restrict growth of both output and employment across the currency union.

At 50.6 in October, up from September's 14-month low of 50.3, the final seasonally adjusted **Markit Eurozone Manufacturing PMI®** registered only marginally above the neutral 50.0 mark. That said, the current sequence above the no-change level was extended to 16 months.

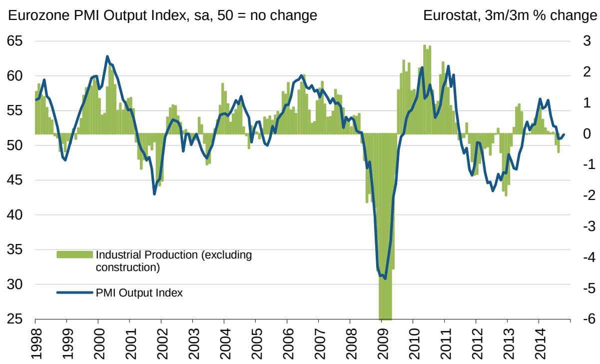
National PMI data again highlighted the ongoing performance disparities between countries. Four nations signalled expansion during October, with the Irish PMI remaining far out in front and ticking higher following a slight easing in September. The PMI for the Netherlands also gained, moving into second position, while the Spanish PMI held steady.

Countries ranked by Manufacturing PMI®: Oct.

Ireland	56.6	2-month high
Netherlands	53.0	3-month high
Spain	52.6	Unchanged
Germany	51.4 (flash 51.8)	2-month high
Italy	49.0	17-month low
Greece	48.8	2-month high
France	48.5 (flash 47.3)	2-month low
Austria	46.9	24-month low



Source: Markit.



Sources: Markit, Eurostat

Germany was the only other nation to signal improved overall manufacturing performance in October. Of the remaining big-three nations, the downturn in France accelerated and Italy fell back into contraction. The rate of deterioration in Greece eased, while Austria fell further from the rest of the pack as its PMI sank to a two-year low.

The level of new orders at eurozone manufacturers declined for the second successive month in October, albeit to a slightly less marked degree than in the previous month. New orders fell in Germany, France, Italy, Austria and Greece, in contrast to the strong gains registered in Spain, the Netherlands and Ireland.

The weakness in overall new business inflows was mainly centred on domestic markets as new export orders* posted a modest gain. The news from the external demand front was less than positive, however, as the latest increase was the slowest during the current 16-month sequence of growth.

France and Austria both reported contractions in new export business. The remaining nations covered by the survey all reported increases, with solid growth in Spain, the Netherlands and Ireland, and comparatively modest expansions in Germany, Italy and Greece.

Manufacturing production rose for the sixteenth month running and at a slightly quicker pace than in September. Output growth rates accelerated in Germany, Spain, the Netherlands and Ireland. Production was scaled back further in France, Austria and Greece. Italy fell back into contraction following a 16-month sequence of growth.

October saw employment increase for the second month running. The pace of job creation remained near-stagnant, despite accelerating to a five-month high. The outlook for employment also remained muted, given the lacklustre trend in new orders and a further decrease in backlogs of work.

Payroll numbers in Germany and Ireland rose at the sharpest rates since January 2012 and May 2014 respectively. Slight gains were also signalled for Spain and the Netherlands. Job cuts were reported by France, Italy, Austria and Greece.

On the prices front, average input costs and output charges both declined in October. Lower purchase prices were often linked to reduced raw material costs and the decline in the price of oil. Lower output charges mainly reflected strong competition.

**Including intra-eurozone trade.*

Comment:

Rob Dobson, Senior Economist at Markit said:

"The performance of eurozone manufacturing remained broadly flat at the start of the final quarter, as the sector struggles to recover the traction lost following its mid-year slowdown. Manufacturing is therefore unlikely to provide any meaningful boost to the currency union's anaemic GDP growth.

"Perhaps most worrying is the trend in new orders, a key bellwether of future output growth, which declined for the second month running. It is hard to see any significant near-term boost to performance while market demand remains insipid and beset by lacklustre domestic conditions, slowing export growth and ongoing economic uncertainties.

"National growth disparities also remain a concern, as solid expansions in Ireland, the Netherlands and Spain provide a marked contrast to the downturns in Italy, Greece, France and Austria. The German industrial engine is also achieving only modest growth.

"Not surprisingly, this is forcing firms to focus on cost-cutting and competitiveness, at the expense of employment and margins, as they strive to boost sales volumes. This is likely to hold up the already-high unemployment rates across much of the currency union, as firms lack the profitability and demand requisite to expand capacity."

-Ends-

For further information, please contact:

Chris Williamson, Chief Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@markit.com

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Mobile +44-7826-913-863
Email rob.dobson@markit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@markit.com

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 October 2014 flash was based on 84% 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 *PMI*®	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.

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.