

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 (UK Time) 16 December 2014

Markit Flash Eurozone PMI[®]

Flash PMI signals slight gain in momentum at year-end

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 51.7 (51.1 in November). 2-month high.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 51.9 (51.1 in November). 2-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 50.8 (50.1 in November). 5-month high.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 51.2 (Unchanged from November).

Data collected 4-15 December.

Eurozone **business activity** grew at a slightly faster rate in December, but the pace of expansion was still one of the weakest seen over the past year. The Markit Eurozone PMI[®] rose from November's 16-month low of 51.1 to 51.7 in December, signalling a modest upturn in the rate of growth. However, the reading was the second-lowest seen over the past year and failed to prevent the average reading for the fourth quarter from falling to the lowest since the third quarter of 2013.

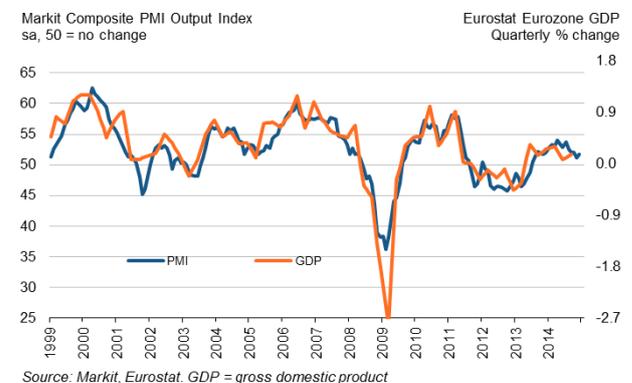
Rates of expansion remained weak in both manufacturing and services. However, while growth of manufacturing output was unchanged on November, a slightly upturn in the pace of business activity growth was recorded in the service sector.

Weakness was again particularly evident in the core countries. German companies reported the smallest increase in business activity since June 2013, while activity fell in France for the eighth successive month, albeit to the smallest extent seen for four months.

Outside of Germany and France, activity rose on average at the fastest rate for five months.

The survey found signs of demand picking up, with inflows of **new orders** rising after slipping into decline in November. However, the increase was only marginal, with both manufacturing and services posting weak rates of expansion. While France saw

Markit Eurozone PMI and GDP



the first (though minor) increase in new orders for four months, German firms reported a second successive monthly decrease. Elsewhere, overall new order growth accelerated to a five-month high.

Employment growth picked up to a five-month high alongside the modest revival in new orders. But the overall pace of job creation remained weak, with ongoing job losses again seen in France and the pace of growth in Germany easing to the lowest since August. There was better news across the rest of the region, however, where the survey recorded the largest monthly increase in staffing levels since November 2007.

Average **selling prices** fell for the thirty-third straight month, though the rate of decline eased to a three-month low, slowing in both manufacturing and services. Falling prices were again seen in Germany, France and elsewhere across the eurozone on average.

Lower oil and other commodity prices helped bring down **input costs** in manufacturing, resulting in the largest monthly fall in eight months, and lower fuel costs also fed through to generate the smallest overall increase in service sector costs since mid-2010. Measured overall, input costs rose at the

slowest rate for eight months. Costs fell in Germany for the first time in one-and-a-half years, while the rate of increase slowed across the rest of the region on average. Input price inflation in France accelerated slightly to a four-month high.

Looking ahead, expectations for the year ahead in the service sector dipped from November's four-month high to again run well below levels seen earlier in the year. In manufacturing, the forward-looking new orders to inventory ratio picked up to a four-month high, though likewise remained subdued.

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

“The eurozone saw slightly faster growth of business activity in December but still ended the year on a whimper rather than a roar, with worrying weakness still evident in the core countries of France and Germany. The increase was the second-lowest seen over the past year, suggesting the euro area economy expanded by a mere 0.1% in the fourth quarter.”

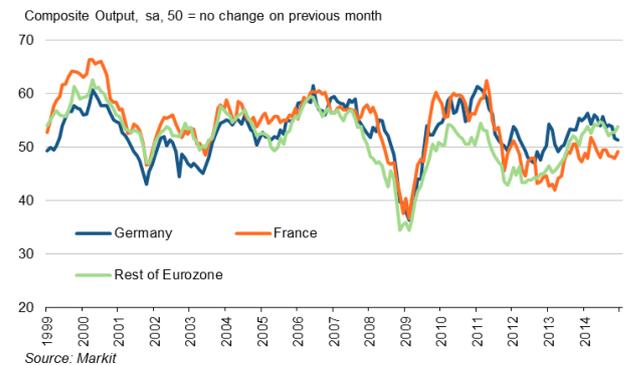
“Business activity is growing at the weakest rate for a year-and-a-half in Germany and continues to fall in France. The upturn was therefore driven by the rest of the region, where growth hit a five-month high to round off the best year the ‘periphery’ has seen since 2007.”

“Meanwhile, inflationary pressures have fallen, linked largely to lower oil prices. Firms’ costs barely rose and selling prices continued to fall.”

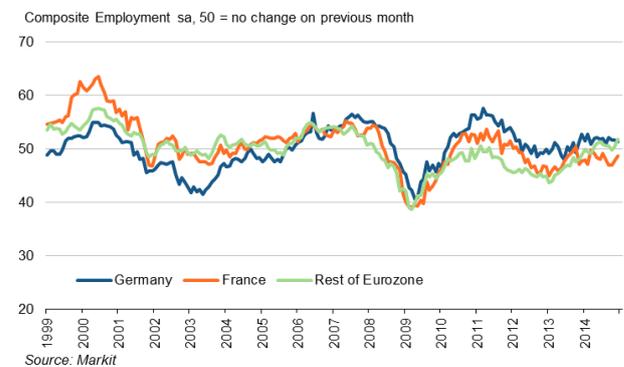
“On one hand, the upturn in the PMI supports the view that the ECB’s stimulus is starting to take effect and that more time is needed to assess the impact of current measures. On the other hand, the disappointing rate of expansion, and especially the weakness evident in Germany and France, will add to calls for additional stimulus to be sanctioned without further delay.”

-Ends-

Core v. Periphery PMI Output Indices



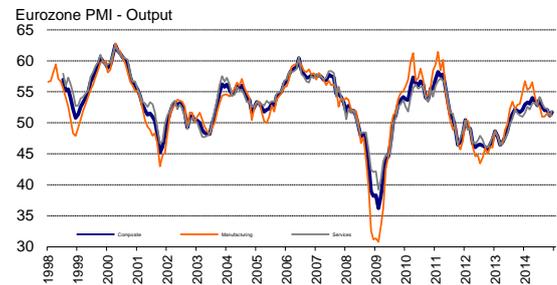
Core v. Periphery PMI Employment Indices



Summary of December data

Output	Composite	Output rises for eighteenth successive month, and at slightly faster rate.
	Services	Services growth accelerates from November's 11-month low.
	Manufacturing	Growth of manufacturing output unchanged from November's weak pace.
New Orders	Composite	Growth of new orders resumes following decline in November.
	Services	Rise in services new business following no change in November.
	Manufacturing	Manufacturing new orders increase for first time in four months.
Backlogs of Work	Composite	Outstanding business falls for seventh consecutive month.
	Services	Incomplete business declines at weaker rate.
	Manufacturing	Backlogs fall at slower pace.
Employment	Composite	Employment increases at strongest pace since July.
	Services	Rate of job creation at 5-month high.
	Manufacturing	Strongest rise in employment since April.
Input Prices	Composite	Input price inflation eases to eight-month low.
	Services	Weakest rise in input prices for 53 months.
	Manufacturing	Input prices fall for fourth month running.
Output Prices	Composite	Charges decline for thirty-third month running.
	Services	Service providers cut prices charged for thirty-seventh successive month.
	Manufacturing	Factory gate prices fall for fourth consecutive month.
PMI⁽³⁾	Manufacturing	Manufacturing PMI rises to 50.8 from 50.1 in November.

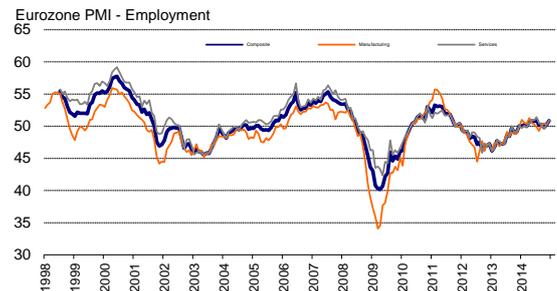
Output



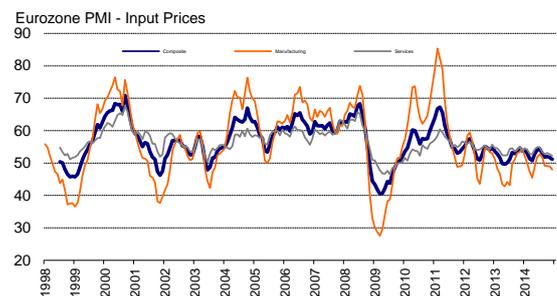
New business



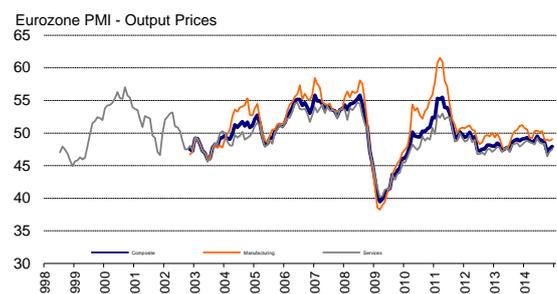
Employment



Input prices



Output prices



Source: Markit.

For further information, please contact:

Markit

Chris Williamson, Chief Economist
 Telephone +44-20-7260-2329
 Mobile +44-779-555-5061
 Email chris.williamson@markit.com

Rob Dobson, Senior Economist
 Telephone +44-1491-461-095
 Mobile +44-782-691-3863
 Email rob.dobson@markit.com

Joanna Vickers, Corporate Communications
 Telephone +44207 260 2234
 E-mail joanna.vickers@markit.com

Note to Editors:

Final December data are published on 2 January for manufacturing and 6 January 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.

The intellectual property rights to the Markit Eurozone Flash *PMI*[®] provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index[®] and *PMI*[®] are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.