

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:00 (UK Time) 3 July 2013

Markit Eurozone Composite PMI[®] – final data

Includes Markit Eurozone Services PMI[®]

Eurozone recession eases at end of second quarter

- Final Eurozone Composite Output Index: **48.7** (Flash 48.9, May 47.7)
- Final Eurozone Services Business Activity Index: **48.3**. (Flash 48.6, May 47.2)
- Ireland and Germany expand further; downturns ease in France, Italy and Spain

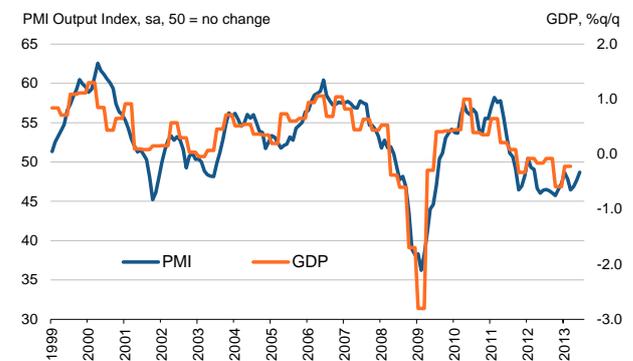
At 48.7 in June, up from 47.7 in May, the final **Markit Eurozone PMI[®] Composite Output Index** indicated a further easing in the rate of contraction in economic output to a 15-month low. The reading was below its earlier flash estimate (48.9), however, and signals that overall activity has now fallen in each of the past 17 months.

June PMI data signalled that the downturns in the manufacturing and service sectors both eased further. Manufacturing output fell only slightly, and at the weakest pace during the 16-month sequence of decline. Meanwhile, service sector business activity contracted at the slowest rate since January.

Output growth hit a five-month high in Ireland, while Germany managed to eke out another slight expansion. Rates of contraction eased in France, Italy and Spain.

Eurozone companies saw employment and new orders fall at weaker rates during June. Job losses have nonetheless been recorded throughout the past one-and-a-half years, with further declines at both manufacturers and services providers in each of the big-four nations. A brighter spot was Ireland, which reported solid job creation in both sectors.

Markit Eurozone PMI and GDP



Source: Markit, Eurostat. GDP = gross domestic product

Nations ranked by all-sector output growth (June)

Ireland	53.2	5-month high
Germany	50.4	3-month high
Spain	48.1	24-month high
France	47.4	10-month high
Italy	47.0	21-month high

Spare capacity remained available in the eurozone, despite lower employment, leading to a further reduction in outstanding business. However, with the rate of depletion in backlogs of work slowing to a 15-month low in June, downward pressure on payroll numbers could ease further in the coming months.

Average input prices were broadly unchanged over the month in June, as a solid increase in service sector costs was offset by a further decline in manufacturers' purchase prices. Cost increases were reported in France, Italy and Ireland, whereas input prices fell slightly in Germany and Spain.

Strong competition and subdued market conditions continued to constrain firms' pricing power. Average output prices fell for the fifteenth month running, but at the weakest pace since March. All of the nations covered by the survey reported reductions.

Services:

The downturn in the eurozone service sector extended to a seventeenth successive month in June, as companies experienced a further reduction in new business inflows.

Signs of the recession in the service sector easing were also evident during the latest survey month. Although the **Services Business Activity Index** came in below its earlier flash estimate, at 48.3, it nonetheless signalled the weakest rate of contraction since January.

Moreover, the rate of decline in new business was also at a five-month low, while business confidence regarding conditions in one year's time improved slightly from May's year-to-date low. Companies' optimism reflected hopes of economic recovery.

The brighter spots in the eurozone service sector were Ireland and Germany. Output growth in Ireland was solid – hitting a five-month high – while German service providers reported a slight gain following contractions in April and May. The pace of contraction eased to a ten-month low in France, while Spain registered the weakest drop in the current two-year sequence of falling activity. Italy was the only nation to report a faster rate of contraction.

Job losses were recorded in the eurozone service sector for the eighteenth straight month in June, with the rate of reduction identical to May. Ireland was the only nation to report higher employment, in contrast to the further cuts implemented in the big-four eurozone nations.

Service sector costs continued to rise in June, although the rate of inflation was the same as April and May's near three-year lows. All of the nations covered by the survey reported higher costs. Meanwhile, strong competition and ongoing subdued market conditions led to a further cut in average service charges. Output prices fell for the nineteenth month running, and at a rate in line with the average for that sequence.

Comment:

Chris Williamson, Chief Economist at Markit said:

“The sub-50 PMI reading for June indicates that the euro area recession has extended into a record seventh consecutive quarter. The survey is broadly consistent with GDP falling by 0.2% in the second quarter, similar to the decline seen in the first three months of the year.

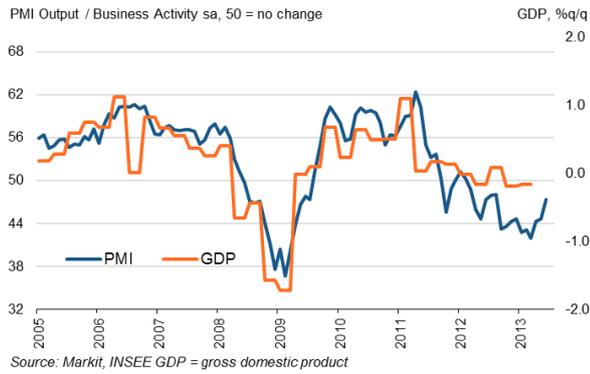
“However, there is good reason to believe that the region is stabilizing and on course to return to growth during the second half of the year.

“Most encouraging is the news that the Spanish economy is now contracting at the slowest rate for two years while Italy, although still plagued by a weak services economy, is seeing business activity fall at the slowest pace since September 2011. France's downturn has likewise moderated to the weakest since last August.

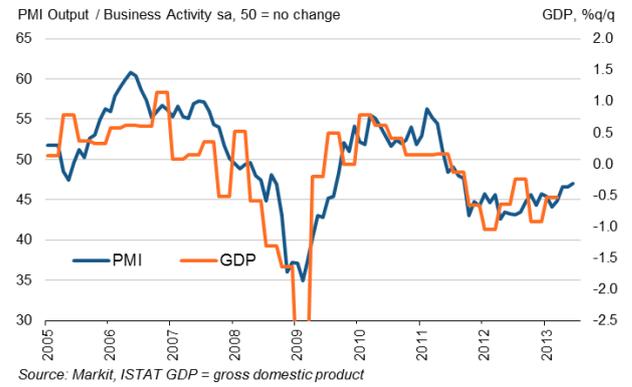
“The concern is that, with Germany barely growing, it remains difficult to identify any real growth drivers. This suggests that the pace of economic expansion for the region as a whole is likely to remain subdued until business confidence improves further and unemployment starts falling from its current, alarming record high of 12.2%.”

-Ends-

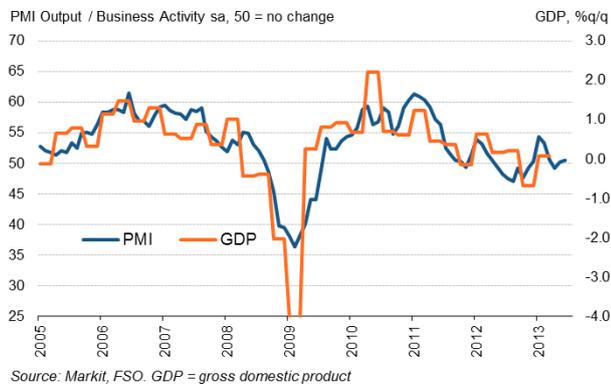
France



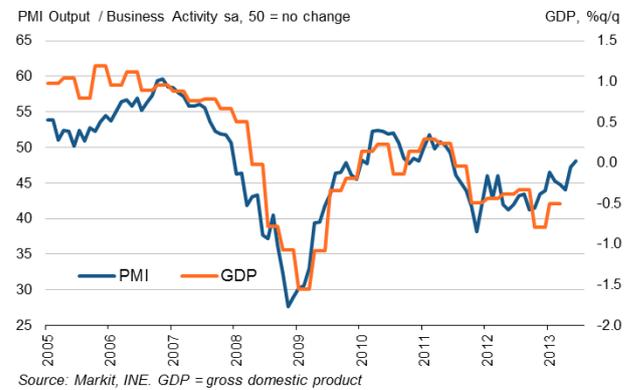
Italy



Germany



Spain



For further information, please contact:

Markit

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

Caroline Lumley, Director, Corporate Communications
 Telephone +44-20-7260-2047
 Mobile +44-7815-812-162
 Email caroline.lumley@markit.com

Notes to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. 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 Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 80% of Eurozone private sector services output.

The **final** Eurozone Composite *PMI* and Services *PMI* follows on from the **flash** estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The June composite flash was based on 75% of the replies used in the final data. The June services flash was based on 68% of the replies used in the final data. **Data were collected 12-25 June.**

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 <i>PMI</i> [®]	0.0	0.3
Eurozone Services Business Activity <i>PMI</i>	0.0	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.

About Markit

Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial marketplace. For more information, see www.markit.com.

About PMIs

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 Eurozone Composite and Services *PMI* provided herein is owned by 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 registered trade marks of Markit Economics Limited. Markit and the Markit logo are registered trade marks of Markit Group Limited.