

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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Markit Eurozone Composite PMI[®] – final data

Includes Markit Eurozone Services PMI[®]

Eurozone economic expansion eases as growth slows in France and Italy

Data collected 13-28 July

- Final Eurozone Composite Output Index: **53.9** (Flash 53.7, June 54.2)
- Final Eurozone Services Business Activity Index: **54.0** (Flash 53.8, June 54.4)

The latest PMI data showed the rate of expansion in eurozone economic activity slowing slightly at the start of the third quarter. However, growth remained close to June's four-year high, with the extent of the easing less marked than that signalled by the earlier flash estimate.

The final **Markit Eurozone PMI[®] Composite Output Index** posted 53.9 in July, down from 54.2 in June and above the earlier flash estimate of 53.7. Solid expansions of output were signalled in both the manufacturing and service sectors, with the slightly faster rate of growth at service providers.

Spain registered the best rate of economic growth of the 'big-four' eurozone nations, with the pace of expansion moving back towards April's 101-month record. Growth in Germany remained solid and steady, whereas decelerations were signalled in both France and Italy.

Data for Ireland are published on August 6th.

Underpinning the latest rise in eurozone economic activity were improved inflows of new business, higher employment and rising levels of outstanding business. Although growth of new work received was unchanged from June's four-month low, it was still above the average for the current sequence of expansion that started in December 2014.

Jobs growth was registered for the ninth consecutive month in July, albeit the weakest since February. Broadly similar rates of increase were signalled at manufacturers and service providers alike.

Markit Eurozone PMI and GDP



Nations ranked by all-sector output growth* (July)

Spain	58.3	2-month high
Germany	53.7 (flash: 53.4)	Unchanged
Italy	53.5	4-month low
France	51.5 (flash: 51.5)	3-month low

*All-Sector Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on [page 3](#) of this press release.

The current sequence of job creation is the longest achieved since 2011. Germany, Italy and Spain all reported higher employment, with the rates of increase accelerating in Germany (five-month high) and Spain (100-month record).

Jobs growth in Italy was only marginal and the least marked since February, while cuts were seen in France following a four-month sequence of rising employee headcounts.

On the price front, the July surveys provided some positive news on the prospects of a moderate upturn in inflationary pressures. Selling prices were only fractionally lower over the month, suggesting a possible near-term end to a sustained period of decreases. Input prices also continued to rise, reflecting rising wages and the weakening euro exchange rate.

Services:

The eurozone service sector continued to expand at a solid pace at the start of the third quarter. Business activity rose at a pace close to June's four-year record, as the growth rate of new business remained among the fastest seen since mid-2011 and further job creation was registered.

The **Eurozone Services Business Activity Index** edged down to 54.0 in July, from 54.4 in June, but above the earlier flash estimate of 53.8. The headline index has now signalled expansion throughout the past two years.

Output increased across the big-four national service sectors in July. By far the sharpest rate of expansion was in Spain, where activity rose at the second-fastest pace since November 2006 (bettered only during that period by April 2015). Growth in Germany held steady and was slightly above the second quarter average.

In contrast, rates of output expansion slowed in both France and Italy, to three- and four-month lows respectively. Meanwhile, new order inflows strengthened in Germany, Italy and Spain, but slowed in France.

Job creation was registered in the eurozone service sector for the ninth straight month in July. Although the rate of increase was the slowest since January, it was still broadly in line with the average for the current sequence of jobs growth. Germany and Spain registered solid and accelerated increases in employee numbers, whereas cuts were seen in France and Italy following rises in recent months.

The latest increase in employment reflected the ongoing upturn in the sector, rising backlogs of work and expectations of future output growth.

Although business optimism[†] dipped to a seven-month low, it was broadly in line with the average for the current recovery in services output. Sentiment improved in Italy and Spain, but dipped in France and Germany.

Average cost burdens at eurozone service providers increased for the sixty-eighth consecutive month in July. In contrast, average selling prices fell for the forty-fourth straight month, albeit only marginally and to one of the weakest extents during that sequence.

Comment:

Chris Williamson, Chief Economist at Markit said:

"The eurozone economy showed reassuring resilience in the face of the Greek debt crisis in July. Despite a record deterioration in Greek business conditions amid extended bank closures, the overall pace of economic growth across the region barely slowed from June's four-year high.

"Based on the recent survey data, Euro area GDP looks set to have risen by 0.4% in the second quarter, with the same rate of growth evident at the start of the third quarter. Even faster growth could soon be achieved providing the Greek situation remains under control.

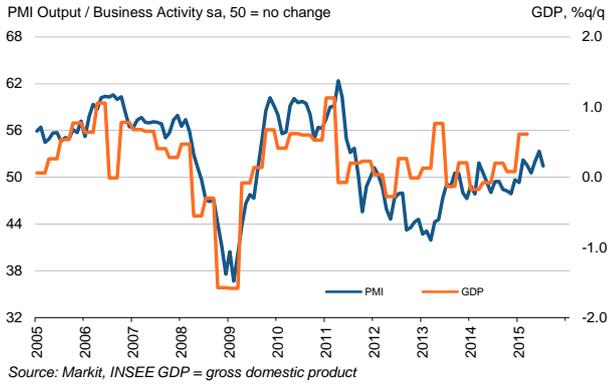
"Of the region's largest economies, Spain is the current star performer, with the PMI signalling ongoing economic growth of approximately 1% at the start of the third quarter. Italy and Germany are also showing sustained recoveries, albeit with growth running at more modest 0.3-0.4% rates. France remains a straggler, but is still joining in the recovery, with the PMI signalling a mere 0.2% rate of expansion.

"With survey results like these, the ECB will no doubt see the eurozone recovery as remaining firmly 'on track', supporting the view that the region looks set to grow by at least 1.5% in 2015."

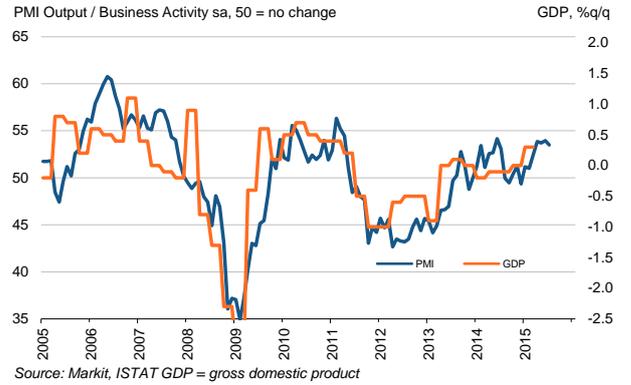
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[†] for business optimism, companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

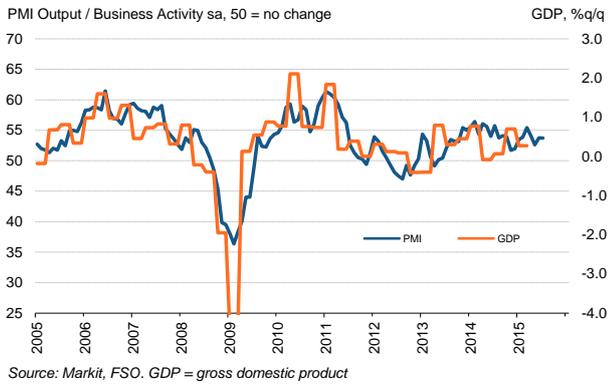
France



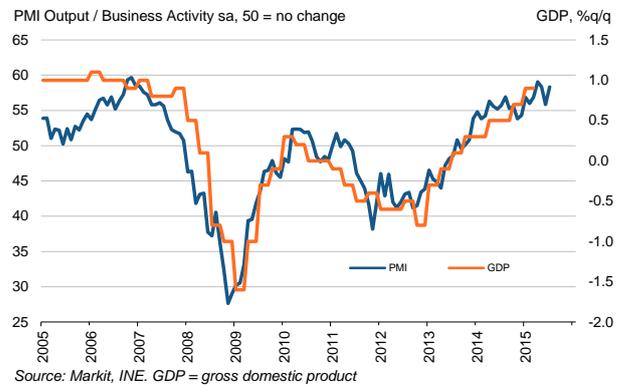
Italy



Germany



Spain



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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 78% 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 July composite flash was based on 89% of the replies used in the final data. The July services flash was based on 82% of the replies used in the final data. **Data were collected 13-28 July.**

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	0.2
Eurozone Services Business Activity <i>PMI</i>	0.0	0.4

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.

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About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 30 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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