

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 growth accelerates to 32-month record

- Final Eurozone Composite Output Index: **53.3** (Flash 52.7, January 52.9)
- Final Eurozone Services Business Activity Index: **52.6** (Flash 51.7, January 51.6)

Final February PMI data signalled an acceleration in the rate of expansion of the eurozone economy to a 32-month high, an improvement on the mild deceleration indicated by the flash estimate.

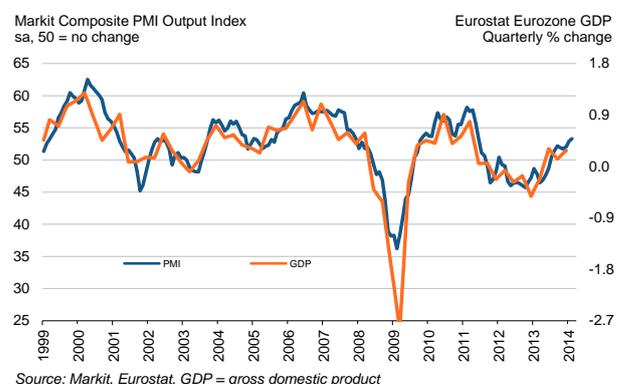
The final **Markit Eurozone PMI[®] Composite Output Index** came in at 53.3, up from 52.9 in January and the earlier flash posting of 52.7. The economic recovery in the euro area has now stretched to eight consecutive months, the strongest run of growth since the first half of 2011.

Manufacturers continued to lead the upturn. Production rose at a solid clip, despite an easing in growth from January's high. Although growth in the service sector was modest in comparison, the rate of expansion was nonetheless a 32-month record.

Eurozone companies benefited from strengthening market conditions, as new business rose for the seventh straight month and at the fastest pace since May 2011. However, this failed to translate into meaningful job creation, with staffing levels only negligibly higher than the previous month (although this was still the best outcome for over two years).

Companies indicated that competitive pressures remained a key factor undermining job creation. Many reported pressure to keep headcounts down to offset price discounting offered to stimulate sales, with average output charges having now fallen continuously since April 2012. Input prices rose for the ninth successive month, but the pace of inflation dipped to the lowest since last September.

Markit Eurozone PMI and GDP



Nations ranked by all-sector output growth* (Feb.)

Germany	56.4	33-month high
Ireland	55.0	8-month low
Spain	53.8	3-month low
Italy	53.4	34-month high
France	47.9	2-month low

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

National data saw Germany replace Ireland at the top of the PMI output growth table. Economic activity in Germany rose at the steepest pace since May 2011, underpinning solid job creation.

The recovery in Italy also gained traction, with output rising at the steepest clip for almost three years following a marked acceleration in new order growth. Levels of business activity and new orders in Spain, meanwhile, continued to recover, but at slower rates than in the prior month. France saw output fall at a sharper pace in February, as new orders suffered a further contraction.

On the jobs front, further losses were reported by France, Spain and Italy, as companies held down headcounts to boost competitiveness. All three nations reported reduced selling prices.

Services:

The upturn in the eurozone service sector extended to seven months in February. Business activity and new orders rose at accelerated rates which were the sharpest in the current sequence of recovery, as domestic markets improved in most of the nations covered. Companies also maintained a positive outlook, with business confidence staying close to January's two-and-a-half year peak.

The **Eurozone Services Business Activity Index** rose to a 32-month high of 52.6 in February, up from 51.6 in January and above the earlier flash estimate of 51.7. All of the nations included in the survey made positive contributions to the upgrade of the final February index reading (compared with earlier flash data), with the largest shares provided by Italy and Germany.

Ireland recorded the steepest expansion of business activity for the twelfth month running, despite seeing its rate of increase ease to the lowest since last November. Germany was second-placed overall, with growth improving to a 32-month record. Italy returned to expansion following declines in the prior three months, and the recovery continued in Spain (albeit at a slower pace).

France was the only nation to report a contraction in business activity. New business also fell again, having improved only once in the past two years (September 2013), mainly reflecting weak demand in the French domestic market.

Service sector employment was broadly unchanged in February. Stronger job creation in Germany and Ireland was offset by accelerated losses in France and Italy and a return to cuts in Spain.

A number of firms indicated that payroll headcounts had been reduced in order to control costs in light of strong competition. This reflected the ongoing discounts many firms were offering to stimulate new business, as highlighted by average selling prices falling again in February. Output charges decreased in France, Italy, Spain and Ireland, but continued to rise in Germany.

Average input prices rose again in February, with increases signalled in all of the nations covered. However, the overall rate of inflation slowed since January and remained below the average for the current sequence of increases.

Comment:

Chris Williamson, Chief Economist at Markit said:

"The final PMI indicates that the eurozone economy grew at the fastest rate since June 2011, contrasting with the slowdown signalled by the flash reading. The survey suggests the region is on course to grow by 0.4-0.5% in the first quarter, which would be its best performance for three years.

"Although manufacturing growth slowed slightly, the goods producing sector continued to expand at a reassuringly robust pace in February. However, it was the acceleration in growth of the service sector which provided the principal boost to the PMI, pointing to a welcome upturn in domestic demand within the region as the recovery broadens out beyond manufacturing.

"There was good news on the employment front too. Although only marginal, the increase in headcounts was nevertheless the first improvement seen since 2011 and suggests that companies are gaining confidence about the sustainability of the upturn.

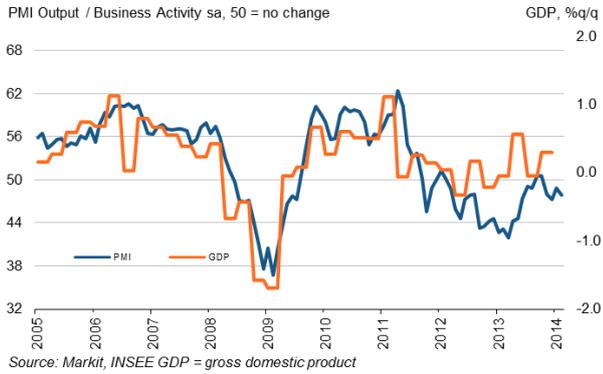
"However, regional divergences remain a concern, with the contrast between the fast growth in Germany and the decline being endured by France the most striking in the history of the PMI surveys with the exception of early-2013.

"Perhaps the best news came from Spain, which is enjoying its best quarter of growth for seven years, and Italy, where the rate of growth hit a near three-year high.

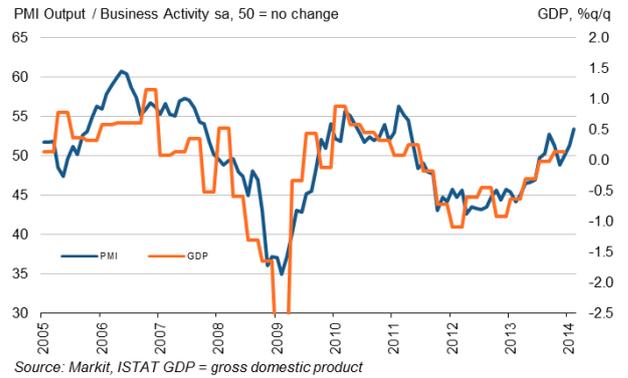
"The upward revision to the February PMI readings, alongside the recent higher than expected inflation numbers, will rein in expectations of further action from the ECB."

-Ends-

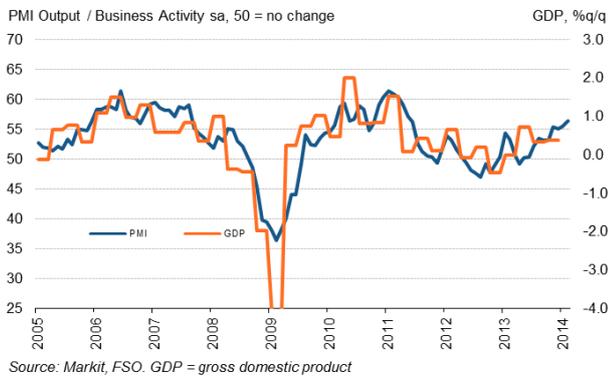
France



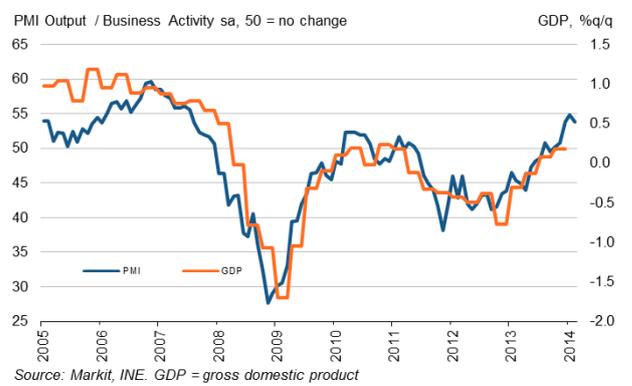
Italy



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 February composite flash was based on 80% of the replies used in the final data. The February services flash was based on 73% of the replies used in the final data. **Data were collected 12-25 February.**

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.

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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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