

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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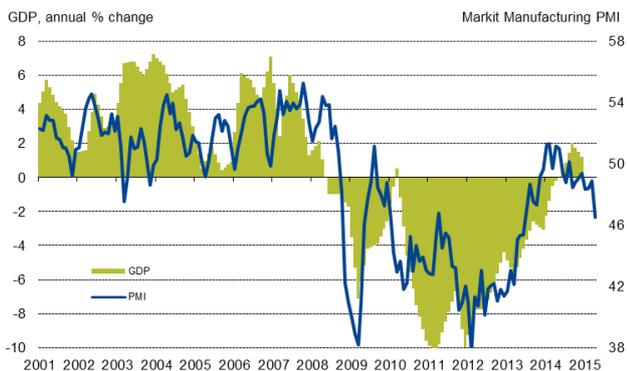
Markit Greece Manufacturing PMI[®]

Downturn in manufacturing sector gathers pace

Key points:

- Headline PMI falls to 22-month low at start of second quarter
- Faster decreases in output and new orders recorded
- Cost pressures increase, but competition forces charges lower

Historical overview:



Sources: Markit, National Statistical Service of Greece.

Summary:

Output at Greek factories fell markedly at the start of the second quarter, reflecting weakness in demand from both domestic and international markets. Streamlining was observed among businesses accordingly, with employment pared back and stock levels lowered. Charges were meanwhile reduced amid strong competitive pressures, adding to the squeeze on margins from faster cost inflation.

The headline seasonally adjusted Markit Greece Manufacturing *Purchasing Managers' Index*[®] (*PMI*[®]) – a single-figure measure of overall business conditions – registered below the 50.0 mark separating growth from contraction for the eighth month running in April. Moreover, at 46.5, down from 48.9 in March, the index's latest reading was its lowest since June 2013.

Contributing to the headline index's fall was a faster

contraction in factory production in April – the most marked recorded for 22 months. Behind this were sharp and accelerated decreases in both intermediate and capital goods output. In contrast, consumer goods production posted a further, albeit slower, gain.

Overall intakes of new orders at Greek manufacturers fell sharply in April, and at a much faster rate than in the previous month. This extended the current sequence of decline in total new orders to eight months. Weakness on the order front partly reflected a further loss of new business from abroad. Reports from panellists highlighted that uncertainty and political instability had stymied client interest.

Employment returned to contraction in April having risen modestly throughout the previous four months. That said, the rate of job shedding was only marginal.

There remained a lack of pressure on productive capacity at factories, with April seeing a further sharp drop in backlogs of work. The rate of decline was the fastest in three months.

With production lines slowing, April saw a further decrease in manufacturers' buying levels. The extent of the reduction in the latest period was the most marked since June 2013 and led stocks of purchases to fall again, albeit at a slightly moderated rate. Post-production inventories also dropped on the month, with the rate of decline broadly unchanged from the solid pace recorded in the month before.

Strong competition led goods producers to lower their output charges in a bid to support sales. The rate of decline was sharp and the fastest for eight months. That was despite cost inflation having hit a ten-month high, with reports from panellists of higher raw material prices, partly linked to a weak euro.

Finally, April's survey showed a fifth straight monthly increase in suppliers' delivery times. The extent of the deterioration in vendor performance

was in fact the most marked since January 2014.

Comment:

Phil Smith, Economist at Markit which compiles the Greece Manufacturing PMI[®] survey, said:

“The ongoing downturn in Greece’s manufacturing sector reached a new low in April, with the PMI survey showing factory production falling to the greatest extent for nearly two years. Underpinning this was weak demand amid uncertainty towards the political and economic outlook of the country.

“In fact, signals from the data were generally bleak. Employment returned to contraction after four months of modest growth, while average delivery times to manufacturers lengthened due to material shortages and liquidity constraints.

“Adding to this the rising pressure on costs from a weak euro, the latest survey painted an all-round dismal picture of conditions in the goods-producing sector.”

-Ends-

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Notes to Editors:

The Greece Manufacturing PMI[®] (*Purchasing Managers’ Index*[®]) is produced by Markit Economics. The report features original survey data collected from a representative panel of over 300 companies based in the Greek manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the ‘Report’ shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the ‘diffusion’ index. This index is the sum of the positive responses plus a half of those responding ‘the same’.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

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.

The Manufacturing Purchasing Managers’ Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers’ Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

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.

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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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