

# News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time), 2 June 2014**

## Markit Eurozone Manufacturing PMI® – final data

### Eurozone manufacturing recovery slows as France falls back into contraction and growth eases in Germany, Italy, Austria and Greece

#### Data collected 12-22 May.

- Final Eurozone Manufacturing PMI at 52.2 in May (flash estimate: 52.5)
- Output growth slows in all nations except the Netherlands; new orders fall in France
- Selling prices rise for first time in three months

#### Manufacturing PMI® (overall business conditions)

Eurozone Manufacturing PMI, sa, 50 = no change



Source: Markit.

The recovery in the eurozone manufacturing sector registered a modest slowdown in May. At 52.2, down from 53.4 in April, the final seasonally adjusted **Markit Eurozone Manufacturing PMI®** posted its lowest reading in six months and came in below the earlier flash estimate (52.5), but remained at a level consistent with a solid improvement in operating conditions.

The easing signalled by the headline PMI reflected slower rates of expansion in production, new orders and employment. Companies also reported a sharper cut in inventories of purchased goods.

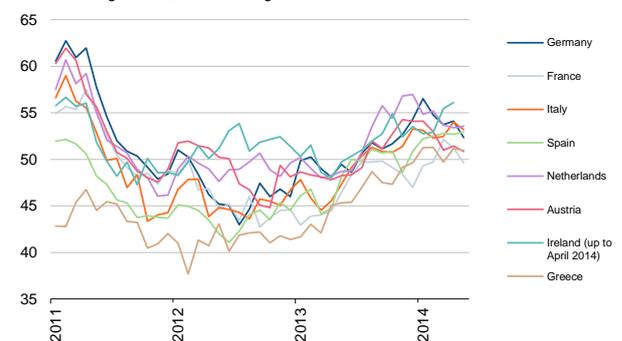
Almost all of the nations covered saw their PMI remain above the 50.0 no-change mark, but only the Netherlands and Spain reported faster rates of

#### Countries ranked by Manufacturing PMI®: May

Netherlands	53.6	2-month high
Italy	53.2	2-month low
Spain	52.9	49-month high
Germany	52.3 (flash 52.9)	7-month low
Greece	51.0	2-month low
Austria	50.9	10-month low
France	49.6 (flash 49.3)	4-month low

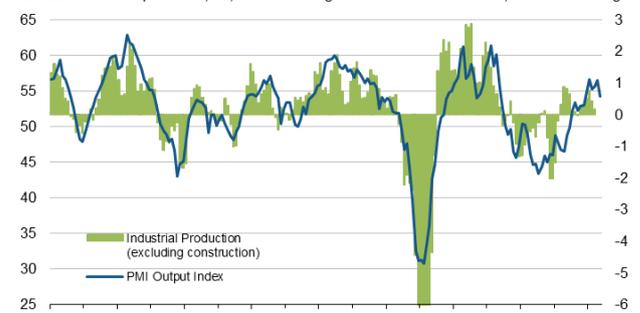
Note: May data for Ireland manufacturing are released on 3<sup>rd</sup> June

Manufacturing PMI, sa, 50 = no change



Source: Markit.

Eurozone PMI Output Index, sa, 50 = no change



Sources: Markit, Eurostat

growth. France, in contrast, fell back into contraction after expanding in the prior two months.

Eurozone manufacturing output and new orders both expanded for the eleventh successive month

in May, despite growth easing to the lowest since last November in both cases. Only the Netherlands reported a faster expansion of output, while none of the nations for which May data were available saw improved new order growth. The slower rate of increase in new business meant that backlogs of work fell for the first time since last September.

France was the weakest performer overall, being the only nation to report a decline in new business and a near-stagnant rate of increase in production. France was hit by weaker inflows of both domestic and new export orders, despite firms' attempts to shore up demand through discounted prices.

Lower selling prices were also reported in Austria and Greece. However, these were offset by higher output charges in Germany, Italy, Spain and the Netherlands, meaning that eurozone manufacturing selling prices increased (on average) for the first time in three months.

The rate of decline in input prices also eased during the latest survey period. Although costs fell for the fourth straight month, the decrease was the least marked since February. Italy, Spain and Greece all reported higher input prices, while rates of decrease slowed in Germany, France, the Netherlands and Austria.

The level of new export orders at eurozone manufacturers increased for the eleventh successive month, with gains reported by all nations bar France. Companies reported stronger demand from the US, Asia and other European markets. However, the rate of increase in new export business was the lowest since last July.

Employment rose for the fifth successive month in May. Job creation was signalled by manufacturers in Germany, Italy, Spain, the Netherlands, Austria and Greece, although the Netherlands was the only nation to signal a stronger pace of increase. France reported further job cuts.

### Comment:

**Chris Williamson, Chief Economist at Markit** said:

*"The May drop in the manufacturing PMI will inevitably add to the clamour for policymakers to provide a renewed, substantial boost to the region's economy and ward off the threat of deflation. However, the case is not so clear-cut.*

*"First, the decline still leaves the manufacturing economy growing at a quarterly pace of approximately 0.5% in May. Second, the data also need to be looked at alongside the services economy, where flash PMI data showed the pace of expansion lifting to the fastest for almost three years in May. Taken together, the PMI surveys are pointing to a second quarter GDP increase of approximately 0.5%.*

*"Third, the survey also highlights some encouragingly strong national performances, especially among previously-troubled member states such as Spain and Italy, where productivity improvements and competitive pricing have helped boost sales. These gains suggest that long-term structural reforms are helping to lift demand.*

*"The main disappointments in the May surveys were in fact found in the 'core', and France in particular is one boat which is not being lifted by the rising tide. France has slid back into contraction, suggesting much more needs to be done to address the competitiveness of the country's goods producers. In Germany, the pace of expansion eased, possibly linked to some concerns over the situation in Ukraine, or perhaps simply due to the timing of Easter. Without any clear cause, the slowdown in the region's largest economy will perhaps be the biggest concern for the eurozone's growth trajectory if a rebound is not forthcoming in June."*

-Ends-

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**Note to Editors:**

The Eurozone Manufacturing *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) is produced by Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of Eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The May 2014 flash was based on 91% of the replies used in the final 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 Manufacturing <i>PMI</i> <sup>®</sup>	0.0	0.2

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 revised data are available to subscribers from Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

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**About PMI**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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