

News Release

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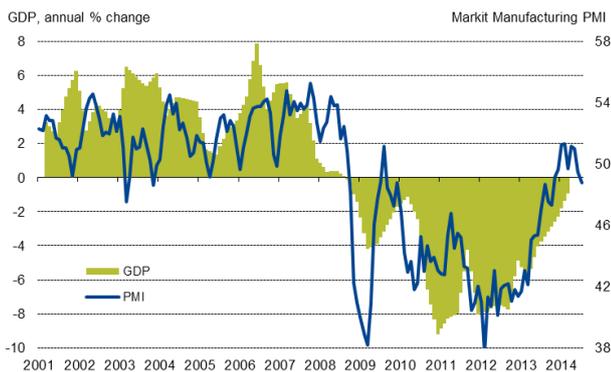
Markit Greece Manufacturing PMI[®]

PMI signals renewed contraction in manufacturing output in July

Key points:

- Output dips as total new orders fall for second straight month
- Modest rise in new export orders
- Input costs up only slightly

Historical overview:



Sources: Markit, National Statistical Service of Greece.

Summary:

The recovery in the Greek manufacturing sector halted in July, as output levels decreased on the back of a further reduction in overall new orders. That said, new export orders rose modestly on the month. Manufacturers went back into retrenchment mode, cutting both employment levels and their quantities of purchases. Cost pressures were meanwhile subdued, enabling further output price discounting.

The headline Markit Greece Manufacturing *Purchasing Managers' Index[®]* (*PMI[®]*) posted below the neutral 50.0 threshold for the second straight month in July, pointing to a further deterioration in overall business conditions in the manufacturing sector. Furthermore, the headline index fell from June's 49.4 to 48.7, its lowest reading since October 2013.

Two factors dragged the headline index lower in July, a return to contraction in output levels and an accelerated decrease in new orders.

Production decreased slightly on the month, partly offsetting a modest increase seen in June and ending a run of continuous expansion since November of last year. Consumer goods producers recorded a further (albeit slower) rise in output levels, but this was negated by weakness elsewhere, particularly in the investment goods category.

The level of new orders fell again in July, and at a faster rate than was observed at the end of the second quarter. Panellists commented on weaker demand. In contrast, new export orders rose for the third straight month. Furthermore, the degree to which new export orders increased was the most marked for almost three years, albeit only modest overall.

A lack of incoming new work allowed manufacturers to make further inroads into their outstanding business during July. Although the slowest since April, the rate of decline in backlogs of work was solid overall.

Manufacturers reduced their staffing numbers to levels more consistent with lower demand. July's round of job shedding, the second in successive months, was less marked than in June, however. Buying levels were also reduced, marking the first such fall in three months.

Stocks of purchases fell at a moderated rate in July, the slowest since August 2009. Post-production inventories also decreased at a slower pace, though one that was still solid overall.

Conditions on the supply-side were little-changed in July. Average supplier delivery times increased only slightly, while input prices were marginally higher than one month earlier. Metals were identified by panellists as one of the few areas of cost pressure.

July saw a further reduction in prices charged by Greek manufacturers for finished goods. The rate of decline was marked, having accelerated to the fastest in three months.

Comment:

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

“The Greek manufacturing sector started the second half of the year in reverse gear. Back-to-back decreases in order intakes has ended the sector’s all-too-brief return to expansion, with the consequent dip in output helping drag the PMI to a nine-month low in July.

“A third straight monthly rise in new export orders offers some hope that the upturn can be revived. It will undoubtedly help if cost pressures remain low as any appreciable rise in output prices will only act to erode Greek manufacturers’ competitiveness.”

-Ends-

For further information, please contact:**Markit**

Phil Smith, Economist
Telephone +44 1491 461 009
Email phil.smith@markit.com

Joanna Vickers, Corporate Communications
Telephone +44 207 260 2234
Email joanna.vickers@markit.com

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 around 350 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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