

# News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 23 September 2013**

## Markit Flash Eurozone PMI®

### PMI signals gathering pace of Eurozone recovery in September

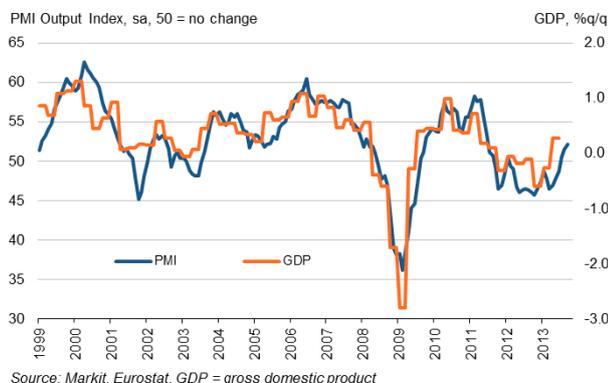
- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 52.1 (51.5 in August). 27-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 52.1 (50.7 in August). 27-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 51.1 (51.4 in August). 2-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 52.1 (53.4 in August). 3-month low.

Data collected 12-20 September.

The **Markit Eurozone PMI® Composite Output Index** rose to a 27-month high in September, signalling the largest rise in activity since June 2011, according to the flash estimate. The flash PMI rose for the sixth consecutive month, up from 51.5 in August to 52.1.

Business activity has now risen for three successive months, and September rounded off the strongest quarterly expansion since the second quarter of 2011.

#### Markit (Flash) Eurozone PMI and GDP



Higher levels of business activity were driven by faster growth of **new business**. New orders increased for the second successive month in September, growing at the fastest rate since June 2011.

The upturn was broad-based across services and manufacturing, although only the former saw growth accelerate in September.

**Services** activity rose for the second month running, expanding at the fastest rate since June 2011. This was fuelled by a second monthly increase in new business placed at service providers. Further expansion is also likely in the coming months as expectations about activity in one year's time improved to a one-and-a-half year high in the sector.

**Manufacturing** output meanwhile rose for the third straight month, although the pace of growth slipped from August's 27-month high. Nevertheless, manufacturing has seen the strongest quarter of growth since the second quarter of 2011 in the three months to September, pulling firmly out of the downturn seen in the previous quarter. New orders in manufacturing likewise rose for a third consecutive month, though growth also eased from August's recent high.

New export orders for goods rose solidly, growing at a rate only slightly less than August's 27-month peak.

The upturn in new business inflows meant that **backlogs of work** stabilised in September, representing the first time that backlogs had not fallen since June 2011.

The improvement in demand signalled by the data on new business also led to fewer job losses. **Employment** fell marginally across the region, but the decline was the smallest since employment began falling in January 2012.

Service sector employment stabilised, having fallen throughout the prior 20 months. Meanwhile the rate of manufacturing job losses eased to result in only a very modest drop in workforce numbers.

The survey provided mixed news on prices. Average **prices charged** fell, but at the slowest

rate since May 2012. This was linked in part to an increase in **input costs**, which rose at the fastest rate since January.

Higher oil prices was a key factor behind manufacturers' input costs rising for the first time since January. Higher costs were often passed on to customers, as factory gate prices rose slightly for the first time since May 2012.

Service sector input costs continued to rise but the rate of inflation eased slightly, in part reflecting low wage pressures. Service providers' charges meanwhile continued to fall, often reflecting the need to cut prices to win new business. That said, the decline was the smallest since May 2012.

By country, **Germany** saw business activity grow at the fastest rate for eight months as new business showed the largest monthly rise for over two years. Employment grew at the sharpest rate for 18 months as a result. While German service providers reported the biggest jump in activity for seven months, manufacturers reported the weakest increase in output since June.

Business activity in **France** rose marginally for the first time since February 2012. This reflected a stabilisation of new order inflows. Employment showed the smallest monthly drop in the current 19-month sequence as a result. Business activity returned to growth in the service sector, but manufacturers reported a faster decline in output.

Elsewhere across the eurozone, business activity rose on average for the second successive month, growing at the steepest rate since April 2011. Manufacturing continued to grow, accompanied by the first noteworthy increase in service sector activity since May 2011. Employment meanwhile fell at the slowest rate for over two years.

Commenting on the flash PMI data, **Chris Williamson, Chief Economist at Markit** said:

*“An upturn in the Eurozone PMI in September rounds off the best quarter for over two years, and adds to growing signs that the region is recovering from the longest recession in its history.*

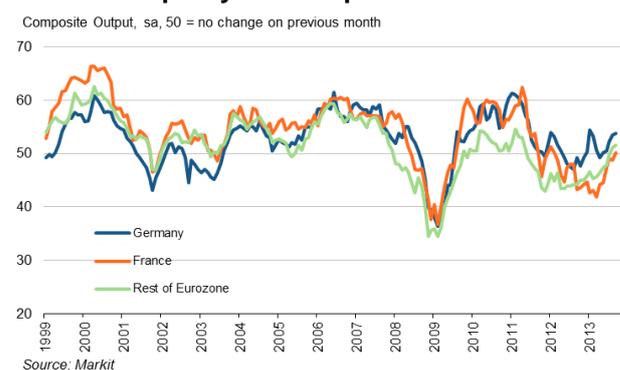
*“It is particularly encouraging to see the business situation improved across the region. Although the upturn continued to be led by Germany, France saw the first increase in business since early-2012 and elsewhere growth was the strongest since early-2011.*

*“Employment continued to fall, though it is reassuring that the rate of job losses eased to only a very modest pace, suggesting that employment could start rising again soon.*

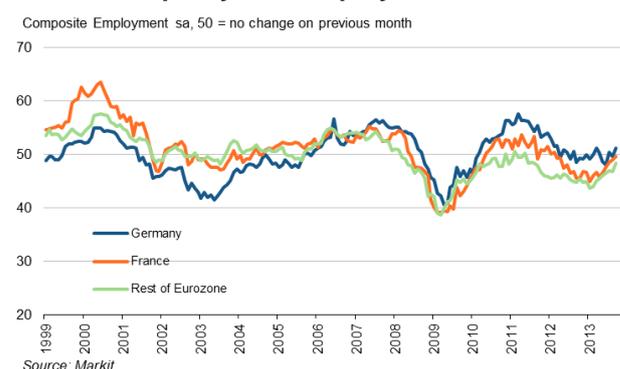
*“The overall rate of growth signalled by the Eurozone PMI remains modest, however, consistent with gross domestic product rising by a meagre 0.2% in the third quarter. While rising inflows of new business bode well for a further upturn in the fourth quarter, policymakers at the ECB will no doubt view it as too early to change their stance on keeping policy on hold for an extended period.”*

-Ends-

### Core v. Periphery PMI Output Indices



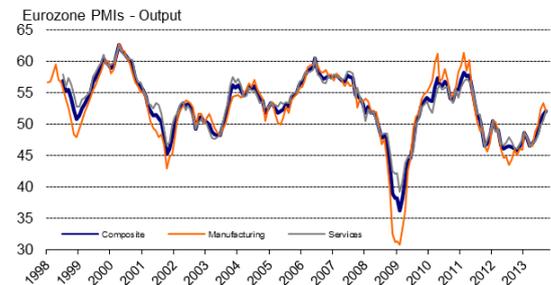
### Core v. Periphery PMI Employment Indices



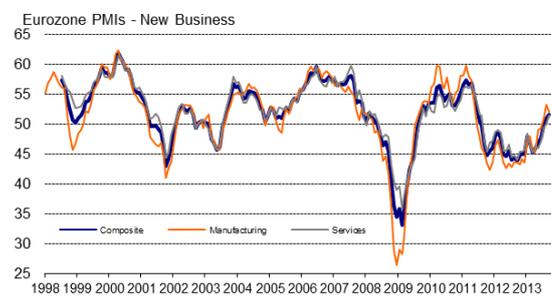
## Summary of September data

<b>Output</b>	<b>Composite</b>	<b>Output increases for third month running; strongest rate since June 2011.</b>
	Services	Activity increases for second month running.
	Manufacturing	Output rises for third month running, but at slower pace.
<b>New Orders</b>	<b>Composite</b>	<b>New business growth at 27-month high.</b>
	Services	New business rises modestly.
	Manufacturing	New orders grow for third month running, but at softer rate.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs unchanged from August.</b>
	Services	Outstanding business broadly stable.
	Manufacturing	Backlogs decline fractionally.
<b>Employment</b>	<b>Composite</b>	<b>Jobs decline fractionally.</b>
	Services	Employment stabilises.
	Manufacturing	Jobs fall marginally.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation at eight-month high.</b>
	Services	Input price inflation at three-month low.
	Manufacturing	Input prices rise for first time in eight months.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices fall marginally.</b>
	Services	Charges decline for twenty-second month running.
	Manufacturing	Factory gate prices rise slightly.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI eases to 2-month low of 51.1.

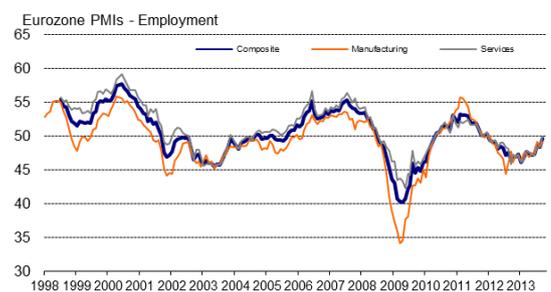
## Output



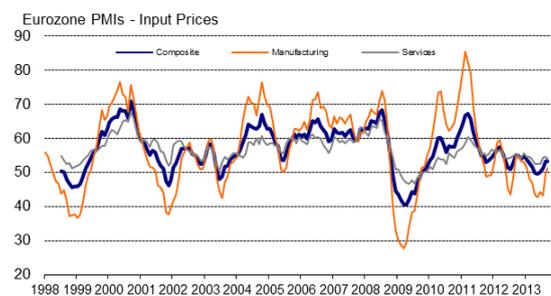
## New business



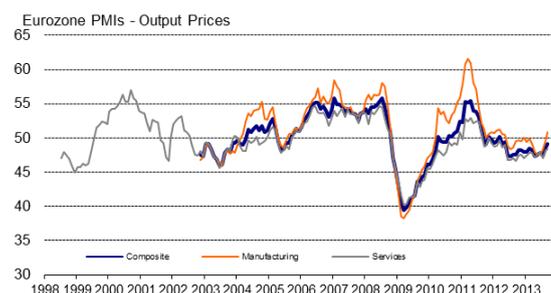
## Employment



## Input prices



## Output prices



Source: Markit.

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**Note to Editors:**

Final September data are published on 1 October for manufacturing and 3 October for services and composite indicators.

The Eurozone *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 5,000 companies based in the euro area manufacturing and service sectors. 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 flash estimate is typically based on approximately 85%–90% of total *PMI* survey responses each month and is designed to provide an accurate advance indication of the final *PMI* 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 Composite Output Index <sup>1</sup>	0.0	0.2
Eurozone Manufacturing <i>PMI</i> <sup>2</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.1	0.3

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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](mailto:economics@markit.com).

**Notes**

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.
4. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"

**About Markit**

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**About PMIs**

Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) surveys have become 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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