

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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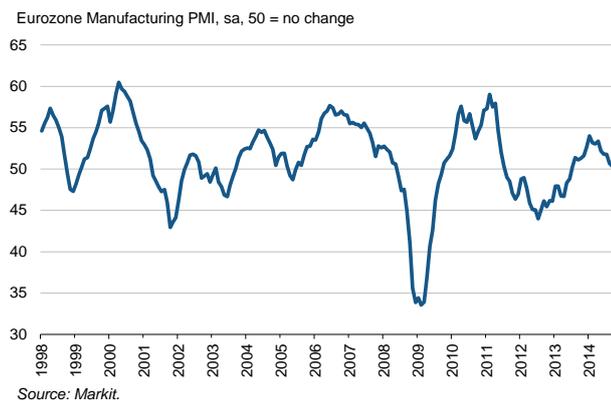
Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing edges closer to stagnation

Data collected 12-23 September.

- Final Eurozone Manufacturing PMI at 50.3 in September (flash estimate: 50.5)
- PMI readings for Germany, Austria and Greece fall back below neutral 50.0 mark
- Output prices and input costs both fall

Manufacturing PMI® (overall business conditions)



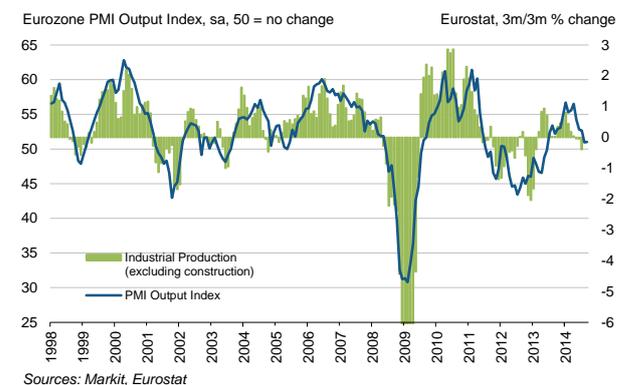
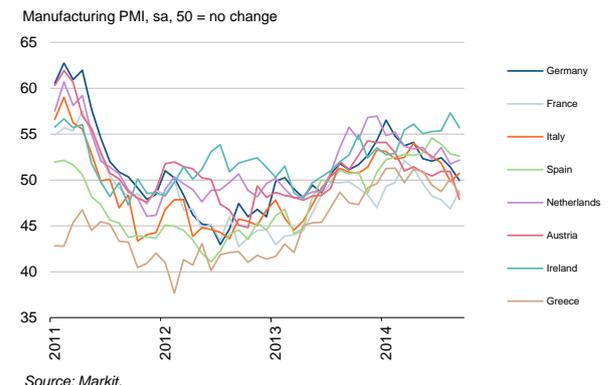
The eurozone manufacturing sector slowed closer to stagnation in September, as inflows of new orders contracted for the first time since June 2013. Input costs and selling prices were both lower than in August.

The final seasonally adjusted **Markit Eurozone Manufacturing PMI®** fell to a 14-month low of 50.3, below the earlier flash estimate of 50.5 and August's reading of 50.7. The average PMI reading for the third quarter as a whole (50.9) was also the lowest since the same quarter of last year.

Ireland remained on top of the national PMI league table for the seventh straight month in September, despite seeing its rate of growth ease from August's near 15-year high. Spain remained in second position, despite a slightly slower expansion, while Italy and the Netherlands (where the respective PMI

Countries ranked by Manufacturing PMI®: Sep.

Ireland	55.7	2-month low
Spain	52.6	7-month low
Netherlands	52.2	2-month high
Italy	50.7	2-month high
Germany	49.9 (flash 50.3)	15-month low
France	48.8 (flash 48.8)	4-month high
Greece	48.4	11-month low
Austria	47.9	17-month low



readings both ticked higher) were the only other nations to signal headline growth.

The German manufacturing sector was broadly stagnant in September, with the German PMI posting a shade below the 50.0 dividing line for the first time since June 2013. Output growth slowed to

a 15-month low, while new orders fell for the first time since June last year and at the quickest pace in almost two years. The rate of increase in new export orders was negligible, while employment was unchanged.

PMI readings for Greece and Austria also fell back into contraction territory. The downturn in France eased, however, with the rate of decline the slowest in four months.

Eurozone manufacturing production increased for the fifteenth successive month, although the rate of expansion held steady at August's low. The main factor restricting output growth was the trend in total new orders, which showed a decline for the first time in 15 months.

The decline in total new orders was generally due to weak domestic demand, as new export business saw a further modest gain. Ongoing market and geopolitical uncertainties also played a role. New orders fell in Germany, France, Austria and Greece, while new business growth slowed to near-stagnation in Italy.

The impetus provided by foreign demand continued to wane nonetheless in September, with export business rising at the slowest pace since July 2013. Although export order growth remained solid in Italy, Spain, the Netherlands and Ireland, it was generally static in Germany, France and Greece. An outright decline was registered in Austria.

The performance of the eurozone manufacturing sector remained too lacklustre to generate meaningful job creation in September, with employment broadly unchanged. Higher headcounts in Italy, Spain and Ireland were offset by lower employment in France, Austria and Greece. Payroll numbers were broadly unchanged in Germany and the Netherlands.

Average purchase prices declined for the first time in four months during September, reflecting lower costs for raw materials. Meanwhile, reduced input prices and strong competitive pressures resulted in a decline in output charges for the first time since April. None of the nations covered by the survey reported an increase in selling prices.

Comment:

Chris Williamson, Chief Economist at Markit said:

“September’s eurozone PMI makes for gloomy reading. The euro area’s manufacturing economy has lost the growth momentum seen earlier in the year, lurching closer to stagnation. The near-term outlook also looks worrying. Order books are now deteriorating for the first time since June of last year, suggesting output could start to fall as we move into the final quarter of the year.

“Not surprisingly, firms are focusing on cost-cutting, resulting in an ongoing lack of job creation and sending a depressing signal of little hope for any reduction in the region’s near-record unemployment rate.

“Companies are also cutting prices at the expense of profit margins as they strive to boost sales. In a sign of spreading deflationary pressures, prices fell in all countries surveyed for the first time in over a year.

“In a sign of spreading economic malaise, Germany, Austria and Greece all joined France in reporting manufacturing downturns in September. What’s especially perturbing is that Germany’s PMI fell into contraction for the first time since June of last year, suggesting the region’s northern industrial heartland has succumbed to the various headwinds of weak demand within the euro area, falling business and consumer confidence, waning exports due to the Ukraine crisis and Russian sanctions.

“The weakening manufacturing sector will intensify pressure on the ECB to do more to revive the economy and no doubt strengthen calls for full-scale quantitative easing. Many will hope that this week’s policy meeting will at least show a determination to address the slowdown with details of an aggressive ABS and covered bond purchase programme.”

-Ends-

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) 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 September 2014 flash was based on 90% 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> [®]	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.

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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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