

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 20 June 2013**

### Markit Flash Eurozone PMI<sup>®</sup>

#### Eurozone downturn eases as output falls at slowest rate for 15 months

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 48.9 (47.7 in May). 15-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 48.6 (47.2 in May). 15-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 48.7 (48.3 in May). 16-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 49.5 (48.8 in May). 16-month high.

Data collected 12-19 June.

The **Markit Eurozone PMI<sup>®</sup> Composite Output Index** rose from 47.7 in May to 48.9 in June, according to the flash estimate, indicating the smallest downturn in business activity since March last year.

The sub-50 reading nevertheless rounded off another weak quarter. At 47.8, the average reading for the three months to June is only marginally higher than the 47.7 average recorded in the first three months of the year, suggesting that the eurozone's recession will have dragged into a seventh successive quarter.

Although activity continued to decline overall, the third consecutive monthly rise in the PMI in June indicated that the rate of contraction is on a moderating trend. **Manufacturing** output fell in June at the slowest rate in the current 16-month sequence, registering only a very modest decline, and **services** business activity showed the joint-weakest fall since March 2012.

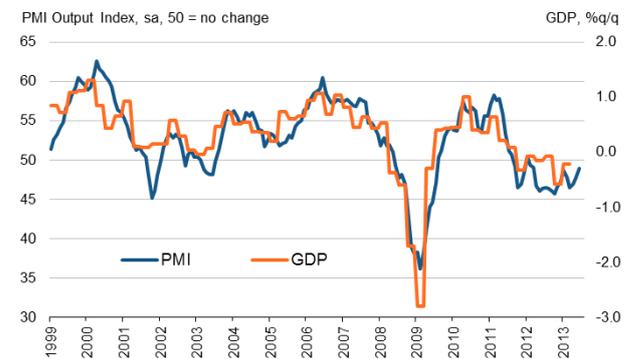
Adding to the picture of the downturn moderating, **new business** fell at the slowest rate for five months, the rate of decline having eased for the third month in a row. New orders in manufacturing fell only marginally, registering the smallest decline for two years, while the services sector saw the smallest fall for five months.

Strongly divergent trends were again evident within the region, however, especially between the two largest member states. While **Germany** saw output

rise for the second successive month, **France** suffered another steep contraction, albeit seeing the weakest falls in both output and new orders since August of last year.

Elsewhere across the region output and new orders both fell at the slowest rates for two years, signifying a marked easing in the rate of contraction compared to that seen at the start of the year.

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



Source: Markit, Eurostat. GDP = gross domestic product

**Backlogs of work** fell again, extending the period of continual contraction to two years. The latest fall was, however, the smallest since March 2012. Backlogs dropped more sharply in services than in manufacturing, though both sectors saw an easing in the rate of decline since May.

The reduced rate at which backlogs fell was not sufficient to alter the course of **employment**. Headcounts fell at a marginally faster rate than in May, dropping for the eighteenth successive month. Similar rates of job shedding were seen in manufacturing and services, with the rate of job losses easing marginally in the former but hitting a four-month record in the latter.

Germany saw the largest drop in employment since January 2010, as firms sought to boost productivity, and job losses also accelerated slightly in France. Elsewhere, however, the latest drop in employment was the smallest since October 2011.

Firms again cut prices to compete for business, highlighting the persistent weak demand environment. Average **selling prices** dropped for a fifteenth consecutive month in June, falling for both goods and services. Average **input prices** rose for the first time in three months, albeit marginally. A marked decline in manufacturers' input costs, linked to lower commodity prices, was countered by a further rise in service sector input costs.

Looking ahead, the survey paints a mildly encouraging picture. In addition to the slower rate of loss of new business, service sector companies' **expectations** about activity levels in the year ahead rose slightly from May's five-month low (but remained lower than seen earlier in the year). Meanwhile in manufacturing the forward-looking **orders-to-inventory ratio** remained at one of the highest seen over the past two years.

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

*"The flash PMI indicates that the Eurozone contracted again in June, rounding-off another weak quarter, but there are reassuring signs that the downturn is continuing to ease.*

*"The survey data suggest that GDP is likely to have shrunk by 0.2% in the second quarter, similar to the fall seen in the first three months of the year and extending the region's recession into a record seventh successive quarter.*

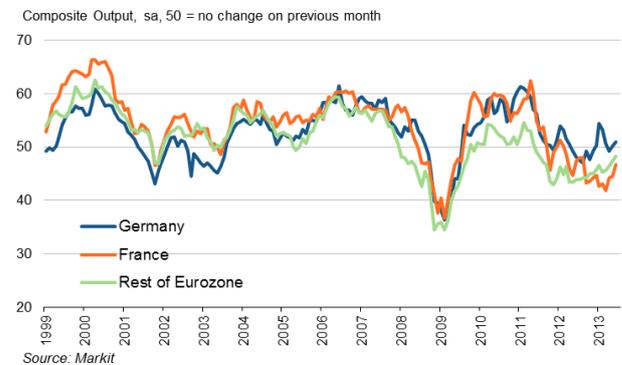
*"Encouragingly, however, the rate of contraction has eased over the course of the second quarter, with the decline in June the smallest for 15 months. At this rate, the region could stabilise in the third quarter and return to growth in the fourth quarter.*

*"It is particularly welcome news that the rate of decline outside of France and Germany has slowed sharply in recent months, and is now the weakest for two years. The rate of contraction has also slowed sharply in France, while Germany is showing signs of faster, albeit still modest, growth.*

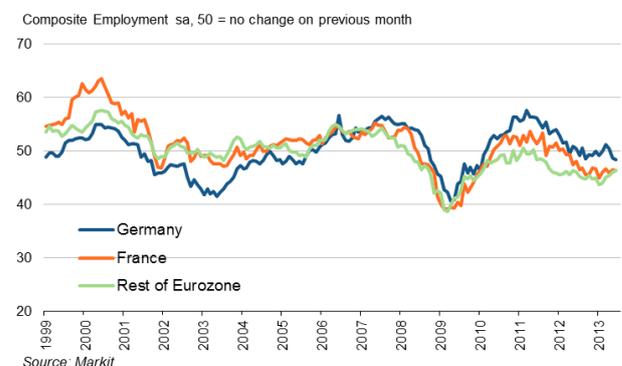
*"Euro area policymakers will no doubt be encouraged by these improving indicators, suggesting the ECB will see no need for any further action in the near term."*

-Ends-

### Core v. Periphery PMI Output Indices



### Core v. Periphery PMI Employment Indices



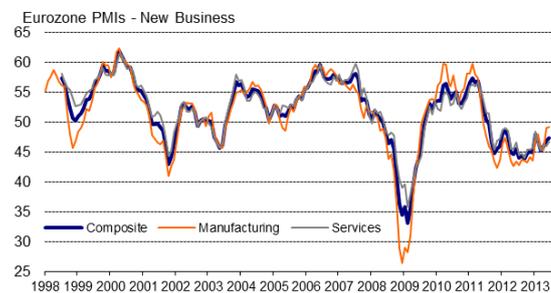
## Summary of June data

<b>Output</b>	<b>Composite</b>	<b>Output falls for seventeenth month running, but at weakest rate since March 2012.</b>
	Services	Activity falls at weakest rate since March 2012.
	Manufacturing	Output falls at marginal rate.
<b>New Orders</b>	<b>Composite</b>	<b>New business declines at weakest rate in five months.</b>
	Services	New business declines at weakest rate since January.
	Manufacturing	New orders fall only marginally.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs fall at slowest rate in 15 months.</b>
	Services	Outstanding business drops at slowest rate for 15 months.
	Manufacturing	Backlogs fall at slowest rate in 23 months.
<b>Employment</b>	<b>Composite</b>	<b>Jobs decline at fastest rate in four months.</b>
	Services	Employment declines for eighteenth month running.
	Manufacturing	Jobs shed for seventeenth successive month.
<b>Input Prices</b>	<b>Composite</b>	<b>Input prices rise for first time in three months.</b>
	Services	Input price inflation at three-month high.
	Manufacturing	Input prices fall for fifth month running, but at weaker rate.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices fall at slowest rate in three months.</b>
	Services	Charges decline at weakest rate in 13 months.
	Manufacturing	Factory gate prices fall for sixth month running.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI rises to 16-month high of 48.7.

## Output



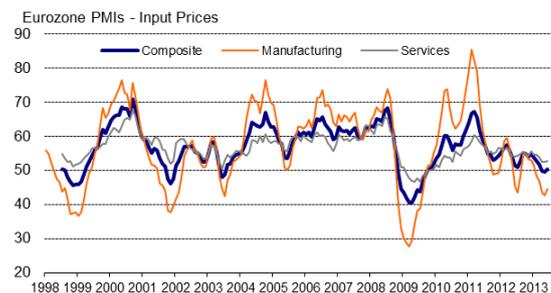
## New business



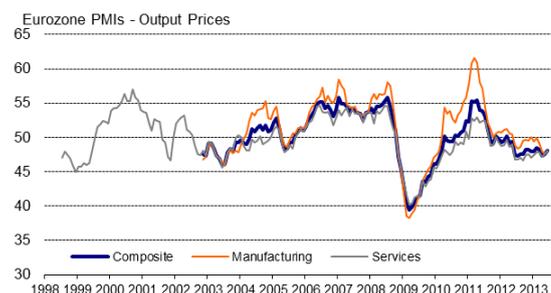
## Employment



## Input prices



## Output prices



Source: Markit.

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### Note to Editors:

Final June data are published on 1 July for manufacturing and 3 July 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

Markit is a leading, global financial information services company with over 2,800 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

### 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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