

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL 1000 (CEST) / 0800 (UTC) May 23 2016**

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

#### Eurozone flash PMI edges down to 16-month low

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 52.9 (53.0 in April). 16-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 53.1 (53.1 in April). Unchanged.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 51.5 (51.7 in April). 3-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 52.4 (52.6 in April). 3-month low.

Data collected May 12-20

The May Flash PMI reinforced the picture of subdued growth of eurozone economic activity, with few signs of any imminent improvement.

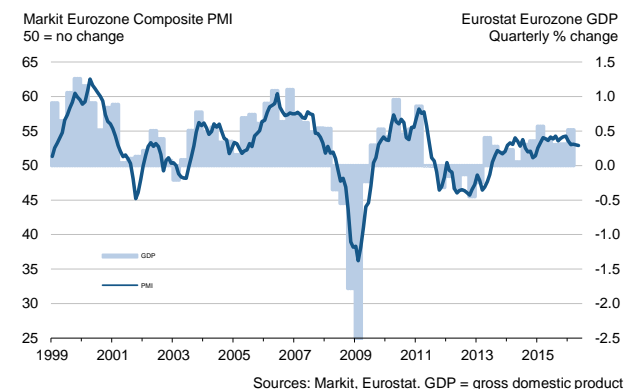
The Markit Flash Eurozone PMI – which is based on approximately 85-90% of normal final monthly replies – slipped to a 16-month low of 52.9 in May, down from 53.0 in April. With the PMI having averaged 53.2 in the opening quarter, the latest two months' weak data suggest that economic growth has likely slowed in the second quarter.

With new business growth also sliding to the lowest since January 2015, the survey data point to a strong likelihood of output growth remaining subdued or even weakening further in June.

The rate of business activity expansion in the dominant service sector was unchanged for a third successive month, but the sector reported the smallest rise in new business since January 2015 despite many firms continuing to offer price reductions to boost sales. Expectations about future business activity also dipped to a ten-month low.

The rate manufacturing output growth was meanwhile the second-weakest since February 2015. Growth of new orders received by factories also eased. Producers reported that domestic market conditions remained tough and softer international trade flows led to the smallest rise in

#### Markit Eurozone PMI and GDP



new export business for 16 months.

Slightly better news was provided on the labour market. Eurozone employment rose for the nineteenth month running in May, led by services though factories also reported a modest rise in headcounts. The overall rise in employment was the largest since February.

Price gauges also ticked higher. Input costs rose at the fastest pace since July 2015 as a substantial increase at service providers (driven to a large extent by rising wages and oil prices) offset a further reduction in manufacturing. The decline in manufacturers' purchasing costs was nonetheless the slowest in nine months, representing a further firming of some commodity prices (notably oil).

Although average selling prices continued to fall in May, the rate of decrease was the lowest in the year-to-date. Manufacturers and service providers again both typically reported that price discounts were offered to win sales in response to softer market conditions.

#### Intra-regional trends

Growth in Germany continued to strengthen across

both manufacturing and services in May, with the overall pace of expansion reaching its highest since the end of last year.

France also continued its shift out of stagnation, with economic output rising at the fastest pace for seven months (but still below the euro area average), as faster services growth offset an ongoing manufacturing decline.

However, the accelerations in France and Germany were offset by a further cooling of the rate of expansion outside of the big-two nations to a 17-month low.

### Comment

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

*“A disappointing flash eurozone PMI for May adds further to the suggestion that the robust pace of economic growth seen in the first quarter will prove temporary. The PMI is signalling lacklustre GDP growth of only 0.3% in the second quarter.*

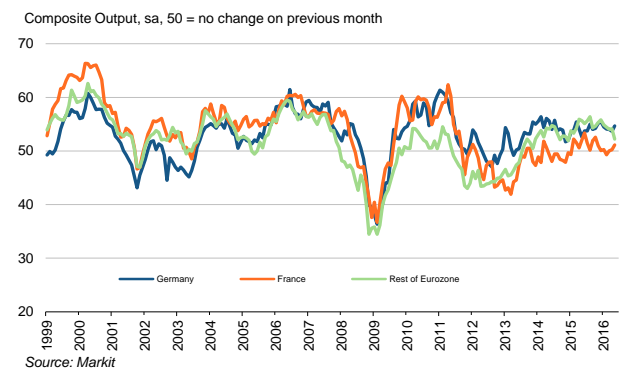
*“The forward-looking indicators also suggest that growth is more likely to weaken further than accelerate. Inflows of new work showed the smallest rise for nearly a year-and-a-half, while optimism about the business outlook in the service sector sank to its lowest since July 2015.*

*“There are signs of improving life in the ‘core’ countries of France and Germany, led mainly by their service sectors, as manufacturing continued to struggle. However, elsewhere the rate of expansion slowed to its weakest for almost one-and-a-half years.*

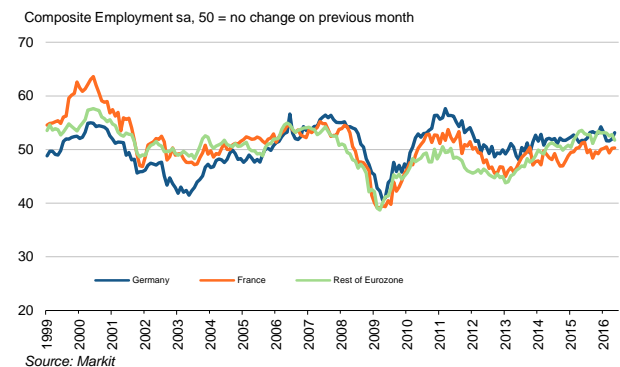
*“The survey therefore paints a picture of a region stuck in a low-growth phase, managing to eke out frustratingly modest output and employment gains despite various ECB stimulus ‘bazookas’, a competitive exchange rate and households benefitting from falling prices.”*

-Ends-

### Core v. Periphery PMI Output Indices



### Core v. Periphery PMI Employment Indices

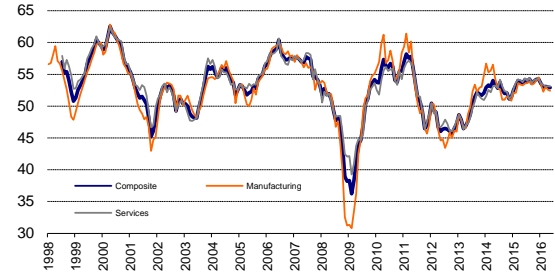


## Summary of May data

<b>Output</b>	<b>Composite</b>	<b>Output growth slowest in 16 months.</b>
	Services	Services expansion joint-weakest in 16 months.
	Manufacturing	Output growth slows to three-month low.
<b>New Orders</b>	<b>Composite</b>	<b>New business rises at slowest pace since January 2015.</b>
	Services	New business increases at weakest rate in 16 months.
	Manufacturing	New order growth eases to three-month low.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs broadly unchanged in May.</b>
	Services	Outstanding business little-changed since April.
	Manufacturing	Backlogs increase marginally.
<b>Employment</b>	<b>Composite</b>	<b>Jobs growth picks up slightly to three-month high.</b>
	Services	Fastest job creation since February.
	Manufacturing	Employment rises at slightly slower rate.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation hits ten-month high.</b>
	Services	Input price inflation at 41-month high.
	Manufacturing	Input prices fall at weakest rate since August 2015.
<b>Output Prices</b>	<b>Composite</b>	<b>Charges fall for eighth consecutive month.</b>
	Services	Charges decline at marginal rate.
	Manufacturing	Output prices drop at slowest rate in five months.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI edges lower to 51.5, from 51.7 in April.

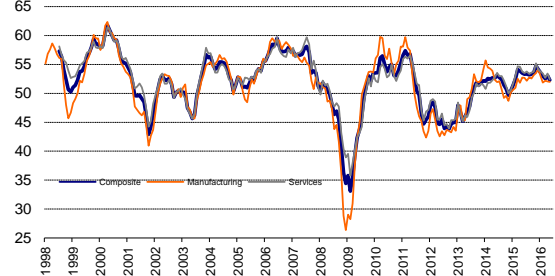
## Output

Eurozone PMI - Output



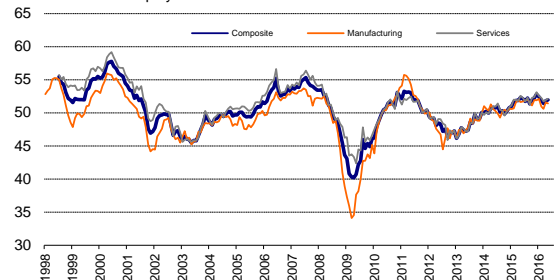
## New business

Eurozone PMI - New Business



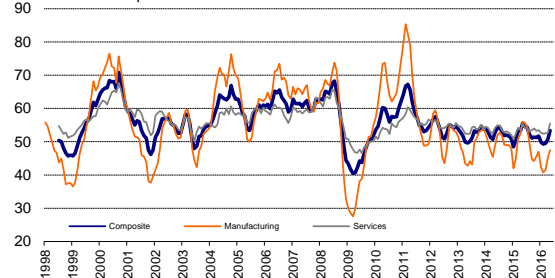
## Employment

Eurozone PMI - Employment



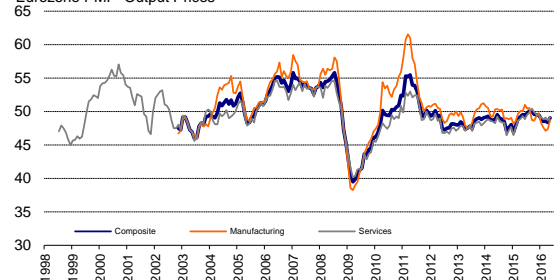
## Input prices

Eurozone PMI - Input Prices



## Output prices

Eurozone PMI - Output Prices



Source: Markit.

**For further information, please contact:**

**Markit**

Chris Williamson, Chief Economist  
 Telephone +44-20-7260-2329  
 Mobile +44-779-555-5061  
 Email [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

Rob Dobson, Senior Economist  
 Telephone +44-1491-461-095  
 Mobile +44-782-691-3863  
 Email [rob.dobson@markit.com](mailto:rob.dobson@markit.com)

Joanna Vickers, Corporate Communications  
 Telephone +44207 260 2234  
 E-mail [joanna.vickers@markit.com](mailto:joanna.vickers@markit.com)

**Note to Editors:**

Final May data are published on June 1 for manufacturing and June 3 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>®</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 diversified provider of financial information services. We provide products that enhance transparency, reduce risk and improve operational efficiency. Our customers include banks, hedge funds, asset managers, central banks, regulators, auditors, fund administrators and insurance companies. Founded in 2003, we employ over 4,000 people in 11 countries. Markit shares are listed on Nasdaq under the symbol MRKT. For more information, please see [www.markit.com](http://www.markit.com).

**About PMI**

Purchasing Managers' Index<sup>®</sup> (*PMI*<sup>®</sup>) surveys are now available for over 30 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).

The intellectual property rights to the Markit Eurozone Flash *PMI*<sup>®</sup> provided herein are owned by or licensed to Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>®</sup> and *PMI*<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.