

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:00 (UK Time) 4 February 2015

Markit Eurozone Composite PMI[®] – final data

Includes Markit Eurozone Services PMI[®]

Faster growth in Germany, Spain and Italy takes euro PMI to six-month high

- Final Eurozone Composite Output Index: **52.6** (Flash 52.2, December 51.4)
- Final Eurozone Services Business Activity Index: **52.7** (Flash 52.3, December 51.6)

The eurozone enjoyed a positive start to 2015, as growth of economic activity accelerated for the second month running to its highest since July last year. Among the big-four nations, output expanded in Germany, Italy and Spain, but the downturn in the French economy extended into its ninth month.

At 52.6 in January, the final **Markit Eurozone PMI[®] Composite Output Index** was above its earlier flash estimate of 52.2 and broadly in line with its average for 2014 as a whole (52.7). The headline index has now signalled expansion for 19 months running.

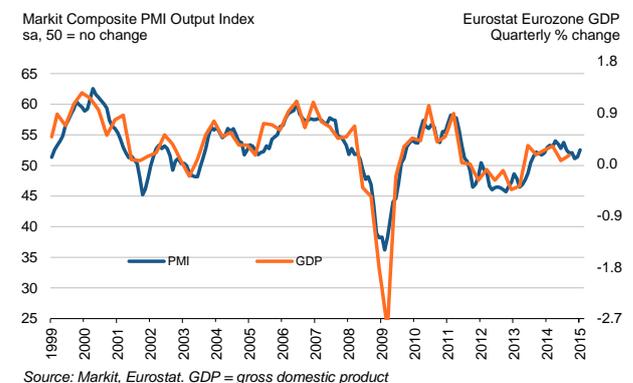
Output rose across the manufacturing and service sectors. The faster pace of growth was again recorded in services, although both sectors reported accelerations at the start of the year.

Underlying the latest increase in economic output was a further gain in incoming new business. New order inflows rose sharply in Ireland (albeit at a slightly slower pace than December) and Spain (six-month high). An increase was also signalled in Germany following declines in the prior two months. The trend was near-stagnant in France and a contraction was seen in Italy for the fifth straight month.

Backlogs of work fell only slightly in January. With outstanding business showing signs of stabilising and new order growth accelerating, companies were encouraged to take on more staff. This contributed to higher employment at manufacturers and service providers alike.

The rate of job creation rose to an 11-month high in Germany, an 88-month record in Spain and remained

Markit Eurozone PMI and GDP



Nations ranked by all-sector output growth* (Jan.)

Ireland	60.4	2-month low
Spain	56.9	5-month high
Germany	53.5 (flash: 52.6)	3-month high
Italy	51.2	2-month high
France	49.3 (flash: 49.5)	2-month low

*All-Sector Output PMI against GDP comparisons for Germany, France, Italy and Spain are included on [page 3](#) of this press release.

strong in Ireland (albeit the weakest increase since October). Further job losses were registered in both France and Italy.

The effect of the recent slump in international oil prices was reflected in the trends for both input costs and output prices in January. Average costs fell for the first time in 20 months, as a slight increase at service providers (mainly due to higher wages and salaries) was more than offset by the steepest drop in manufacturers' input prices for five-and-a-half years. Germany, France and Spain reported lower average costs, whereas Ireland and Italy saw increases.

January saw average selling prices fall at the quickest pace in nearly five years, with all of the big-four nations signalling decreases.

Services:

The eurozone service sector saw the growth rate of business activity accelerate to a five-month high in January. At 52.7, up from 51.6 in December, the **Eurozone Services Business Activity Index** signalled that the current sequence of expansion now runs to one-and-a-half years. Business optimism[†] also improved, hitting a ten-month high.

The upturn remained fastest in Ireland, where output growth stayed close to December's six-month peak. Spain saw the fastest increase in activity since August last year, while growth in Germany improved to a three-month high.

Italy moved back into expansion territory with the third increase in output during the past four months, following a brief hiatus in December. In contrast, output in the French service sector moved in the opposite direction, falling for the fourth time in the past five months.

Underpinning the latest expansion in eurozone service sector output was a further increase in new business, with growth signalled in Germany, Spain, Ireland and France. Meanwhile, the trend in backlogs of work stabilised following a seven-month sequence of decline.

Job creation was registered in the service sector for the third straight month. Although the rate of increase was again only modest, it was still the fastest registered since July 2014.

The quickest jobs growth was signalled in Ireland, albeit slower than in December, while accelerations were seen in both Germany (six-month high) and Spain (nine-month high).

France and Italy both reported cuts to workforce numbers in January. The pace of job losses in Italy was the fastest since April last year, while the decline in France was the joint-weakest during the current 15-month sequence of reduction.

Input price inflation eased to a near-five year low in January, as signs of higher wages and salaries in pockets of the eurozone service sector were partly offset by the filtering through of lower oil prices to a number of other costs. Meanwhile, average service charges fell at one of the fastest rates during the past five years.

[†] for business optimism, companies are asked whether they expect levels of business activity in one year's time to be higher, the same or lower than the current month.

Comment:

Chris Williamson, Chief Economist at Markit said:

"The eurozone economy picked up momentum to a greater extent than initially thought in January, with the final PMI reading beating the flash estimate to signal the fastest rate of growth for six months.

"The rate of job creation also inched higher to a pace not seen since mid-2011, adding to signs of increasing optimism among employers about the year ahead.

"The survey data are running at a level consistent with GDP rising by 0.3% in the first quarter, and the move to full-scale quantitative easing by the ECB should help drive even stronger growth in coming months. However, there are clearly many risks to the outlook, including any escalation of the Greek crisis and the political fracas with Russia.

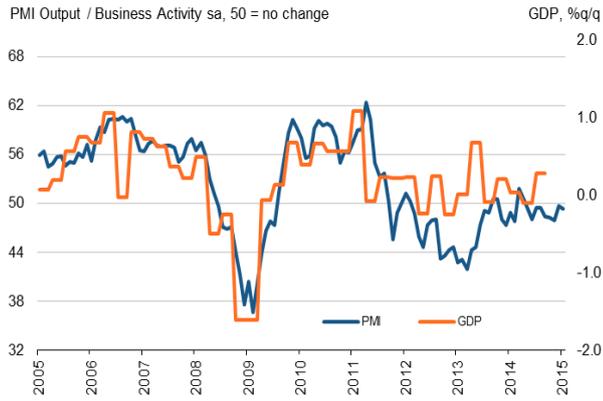
"Spain and Ireland are the stand-out performers, both in terms of the pace of economic growth and hiring signalled by the survey data. The strength of employment growth is particularly encouraging in these countries, providing hope for the rest of the region that unemployment rates could start to fall in earnest in 2015. The rate of job creation in Spain strengthened to the fastest since September 2007, while in recent months Ireland has seen the strongest period of job market gains since data were first collected in 2000.

"The upturn in growth in Germany and return to expansion in Italy were also welcome developments but France remained the laggard, suffering a ninth consecutive monthly drop in business activity.

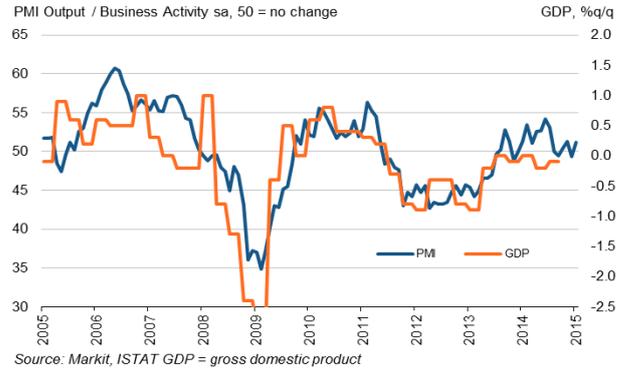
"Prices charged meanwhile showed the largest monthly fall for nearly five years, suggesting deflationary pressures will remain as lower oil prices feed through to the economy, boosting consumer spending power."

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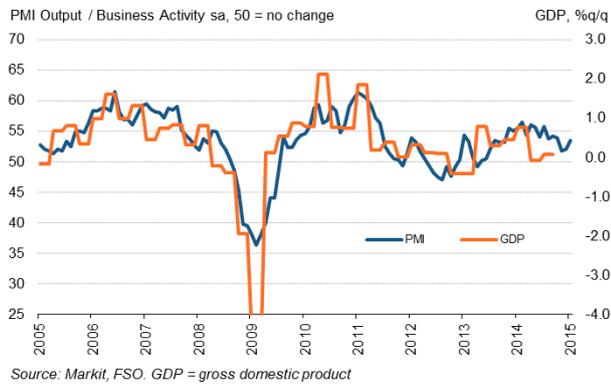
France



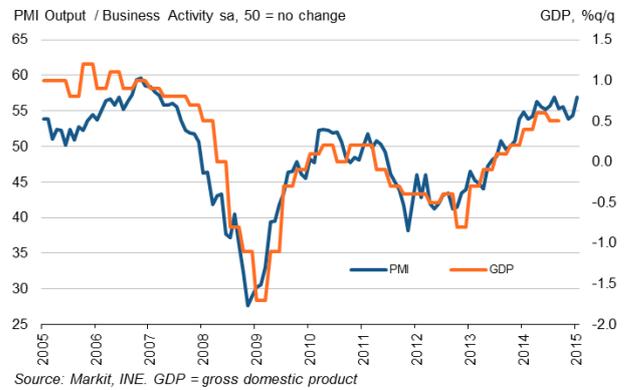
Italy



Germany



Spain



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Notes to Editors:

The Eurozone Composite *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. 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 Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 78% of Eurozone private sector services output.

The final Eurozone Composite *PMI* and Services *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The January composite flash was based on 89% of the replies used in the final data. The January services flash was based on 82% of the replies used in the final data. **Data were collected 12-27 January.**

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 <i>PMI</i> [®]	0.0	0.3
Eurozone Services Business Activity <i>PMI</i>	0.0	0.3

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 subsequently 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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