

# News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time), 2 January 2014**

## Markit Eurozone Manufacturing PMI® – final data

### Eurozone manufacturing records strongest growth in over two-and-a-half years

#### Data collected 5-16 December.

- Final Eurozone Manufacturing PMI at 52.7 in December (31-month high)
- Rising output and fuller order books encourage manufacturers to hold off from further job cuts
- New export orders continue to rise at solid pace

#### Manufacturing PMI® (overall business conditions)

Eurozone Manufacturing PMI, sa, 50 = no change



Source: Markit.

The recovery in the eurozone manufacturing sector accelerated further at the end of 2013. The seasonally adjusted **Markit Eurozone Manufacturing PMI®** rose for the third month running to post 52.7 in December, up from 51.6 in November (and unchanged from the earlier flash estimate).

The headline PMI has now signalled expansion throughout the second half of the year. For the final quarter as a whole, the sector is recording its best performance in two-and-a-half years, consistent with a quarterly pace of output growth of around 0.6%.

The latest improvement in overall operating conditions was underpinned by solid and accelerated growth in the Netherlands, Germany, Ireland and Italy, while Austria continued to expand

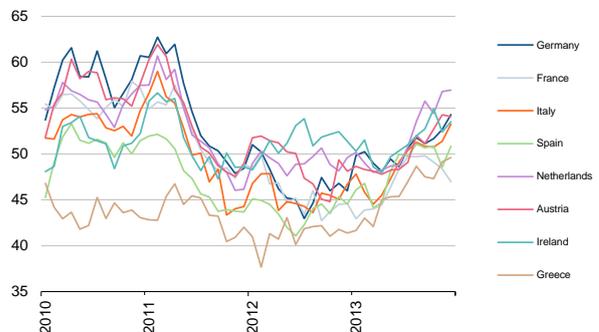
at a robust clip despite the rate of increase easing slightly since November. Meanwhile the Spanish PMI moved back into expansion territory.

There was even relatively positive news from Greece, where higher levels of output and new orders elevated its PMI to a 52-month high and close to the 50.0 stabilisation point. France moved in the opposite direction, however, with its PMI falling to a seven-month low and signalling contraction for the twenty-second successive month.

#### Countries ranked by Manufacturing PMI®: Dec.

Netherlands	57.0	32-month high
Germany	54.3 (flash 54.2)	30-month high
Austria	54.1	2-month low
Ireland	53.5	2-month high
Italy	53.3	32-month high
Spain	50.8	2-month high
Greece	49.6	52-month high
France	47.0 (flash 47.1)	7-month low

Manufacturing PMI, sa, 50 = no change



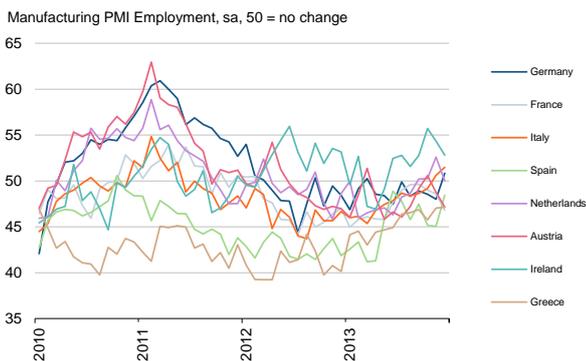
Source: Markit.

Eurozone manufacturers reported further solid gains in both new orders and production, with the rates of expansion in December the steepest in over two-and-a-half years. Moreover, average rates

of growth for both demand and output during the final quarter were higher than in the previous quarter.

The latest increase in new order inflows was underpinned by a solid improvement in new export business. New export orders rose for the sixth month running, and at a pace close to November's two-and-a-half year peak. Among the nations covered, only France and Greece reported lower levels of incoming new export business.

With output, new orders and backlogs all rising, manufacturers held off from further job losses in December. The level of employment in the eurozone manufacturing sector was broadly unchanged over the month, with job creation seen in Germany, Italy and Ireland. Workforces declined at slower rates in Spain and Greece, but at faster paces in France and Austria.



A further by-product of higher demand and improving confidence at manufacturers was the strongest increase in purchasing activity since May 2011.

December saw average input prices rise for the fourth month running and to the greatest extent since October 2012. However, the rate of inflation remained subdued compared with the historical standards of the survey.

Part of the increase in input costs was passed on to clients, as selling prices also rose for the fourth straight month. Moreover, charge inflation hit a 21-month high. Output prices rose in Germany, Italy, Spain, the Netherlands and Ireland, and were broadly unchanged in France and Austria. Only Greece reported a decrease in output charges, although the rate of decline eased further to the weakest since September 2011.

**Comment:**

**Chris Williamson, Chief Economist at Markit** said:

*“A strengthening upturn in the manufacturing sector is helping the euro area recovery become firmly established. The latest numbers are consistent with production growing at a quarterly rate of approximately 1% at the end of the year. It’s also encouraging to see prices rising slightly, suggesting firms are seeing some improvement in pricing power.*

*“With producers reporting further growth of new orders, exports and backlogs of work, the stage is set for a good start to 2014, during which it seems likely that the manufacturing sector will help drive a meaningful, albeit still modest, recovery in the wider economy.*

*“France, however, remains a concern. While Germany, Italy and Spain are seeing the strongest output growth since early-2011, buoyed to varying degrees by improved export sales, France is seeing a steepening downturn, in part the result of widening export losses. This suggests that competitiveness is a key issue which the French manufacturing sector needs to address to catch up with its peers.”*

-Ends-

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**Note to Editors:**

The Eurozone Manufacturing *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 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 90% 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 December flash was based on 95% 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> <sup>®</sup>	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](mailto:economics@markit.com).

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**About PMI**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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