

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 20 February 2015**

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

### Eurozone growth hits seven-month high; job creation fastest since 2011

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 53.5 (52.6 in January). 7-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 53.9 (52.7 in January). 7-month high.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 51.1 (51.0 in January). 7-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 52.2 (52.1 in January). 7-month high

Data collected 12-19 February.

Growth of business activity in the euro area economy hit a seven-month high in February, according to the 'flash' reading of the **Markit Eurozone PMI<sup>®</sup>**. The survey's Composite Output Index rose from 52.6 in January to 53.5.

The flash reading is an early run of the survey data, typically calculated one week before the full 'final' results and usually incorporating around 85% of total monthly survey responses.

Growth of business activity has now accelerated for three successive months, having almost stalled back in November, driven higher by stronger demand. New orders also grew at the sharpest rate for seven months in February.

Companies often struggled to cope with the increased inflows of new business, meaning backlogs of uncompleted orders rose for the first time since last April. The rise was the largest since May 2011.

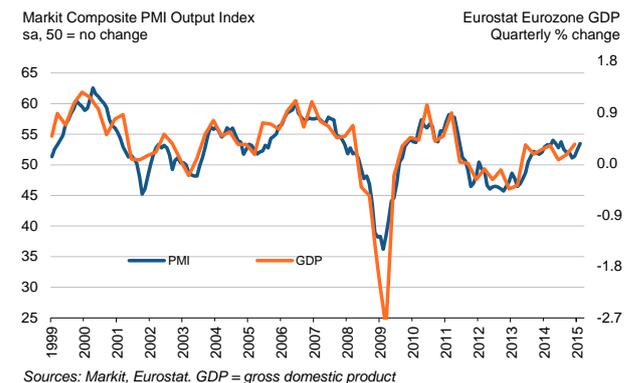
With backlogs of work accumulating, and demand showing signs of picking up, firms took on extra staff at the fastest rate since August 2011.

Faster growth was seen in both manufacturing and services, where factory output and business activity measures hit seven-month highs. Services continued to see the stronger pace of expansion of the two sectors, with manufacturing growth remaining relatively subdued.

Inflows of new business into the service sector

were also stronger than seen in manufacturing, with the latter recording only a marginal upturn in new orders (though still the best monthly improvement since last July).

#### Markit Eurozone PMI and GDP



Forward-looking indicators bode well for a further upturn in March. Expectations of business activity in the year ahead in the service sector rose to the highest since May 2011, and the new orders-to-inventory ratio in manufacturing hit a seven-month peak. The latter suggested that factories will step up production to ensure orders can be fulfilled.

On the inflation front, lower **oil prices** were again cited as a major contributor to lower overall input costs, which fell for the second month running. The rate of decline eased, however, resulting in only a marginal drop in costs. A modest rise in service sector costs, often linked to higher wages, served to partly offset a marked drop in manufacturing input costs, though even here the rate of decline eased during the month.

Average selling prices fell at a reduced rate compared to January, which had seen the largest decline for almost five years. But the ongoing decline means prices charged by service providers and factories have now fallen continually on average for almost three years.

By country, an increasingly robust upturn was recorded in Germany while France enjoyed its best month of growth since August 2011, but growth elsewhere across the region eased.

**Germany** saw growth accelerate for the third month in a row, though the upturn was very much dependent upon its services economy. Manufacturing output growth, in contrast, slowed slightly. While German service sector firms took on staff at the fastest rate since December 2011, employment growth more or less stagnated at their manufacturing counterparts.

**France** saw its first upturn in business activity since April of last year, with growth hitting the fastest since August 2011. A strong upsurge in service sector activity was countered, however, by a steepening downturn in manufacturing. A marginal rise in employment was also seen in France, the first such increase since October 2013, reflecting increased service sector hiring.

Of note, average selling prices fell at the fastest rate since October 2009 in France, contrasting with higher prices in Germany.

Outside of France and Germany, the region as a whole saw business activity rise markedly once again, although the rate of expansion slowed from January's six-month high. Job creation nevertheless rose to the joint-highest seen since the global financial crisis struck.

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

*"February's PMI surveys paint an upbeat picture of improving eurozone economic health. Undeterred by the ongoing Greek debt crisis, economic growth is gathering momentum and looks set to gain further traction in coming months. The economy is on course to grow by at least 0.3% in the first quarter, assuming March doesn't disappoint."*

*"Even more encouraging is the faster rate of job creation reported during the month. Employment is now rising at the steepest rate since 2011 as employers become increasingly confident in the outlook and eager to take on staff to meet rising demand."*

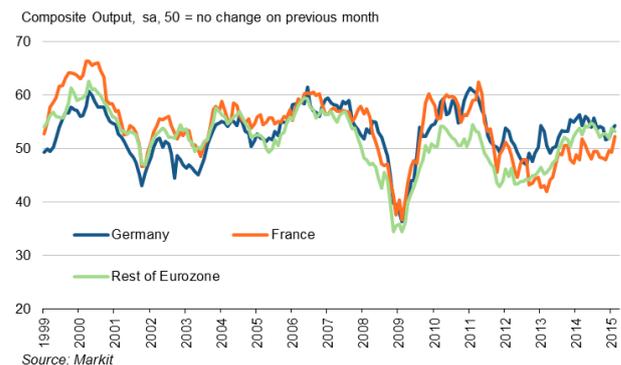
*"With the ECB's quantitative easing 'bazooka' due to start in March, business optimism has been boosted to its highest for three-and-a-half years."*

*"Growth is looking lop-sided, however, and very much dependent on the services economy where lower prices are fuelling growth, especially in consumer-facing sectors. The weakness of the manufacturing economy remains a major concern."*

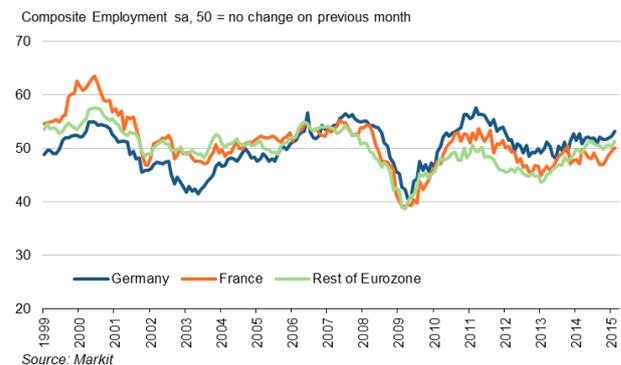
*"A key development this month is that France is no longer languishing in stagnation. The region's second-largest economy is now seeing the strongest growth since mid-2011, with French consumers apparently awakened by lower prices."*

-Ends-

### Core v. Periphery PMI Output Indices



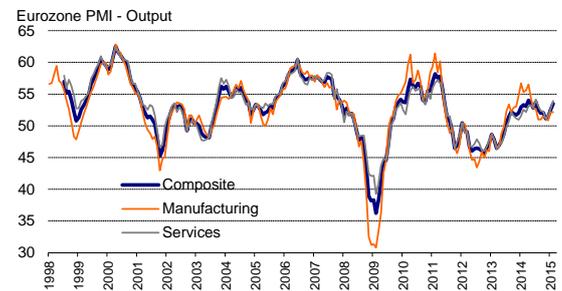
### Core v. Periphery PMI Employment Indices



## Summary of February data

<b>Output</b>	<b>Composite</b>	<b>Output rises for twentieth successive month, and at fastest rate since last July.</b>
	Services	Services growth accelerates to seven-month high.
	Manufacturing	Growth of manufacturing output strongest since July 2014.
<b>New Orders</b>	<b>Composite</b>	<b>New business growth at seven-month high.</b>
	Services	Rise in services new business fastest in eight months.
	Manufacturing	Manufacturing new orders increase for third month running.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Outstanding business grows for first time since April 2014.</b>
	Services	Incomplete business rises at fastest pace since June 2011.
	Manufacturing	Backlogs stabilise.
<b>Employment</b>	<b>Composite</b>	<b>Employment increases at strongest pace since August 2011.</b>
	Services	Rate of job creation at 45-month high.
	Manufacturing	Jobs increase marginally for sixth month running.
<b>Input Prices</b>	<b>Composite</b>	<b>Input prices fall for second straight month, albeit marginally.</b>
	Services	Input price inflation picks up but remains weak.
	Manufacturing	Input prices fall for sixth month running, albeit at weaker rate.
<b>Output Prices</b>	<b>Composite</b>	<b>Charges decline at weakest rate since September.</b>
	Services	Service providers cut prices charged at slower pace.
	Manufacturing	Factory gate prices fall for sixth month running, albeit at modest pace.
<b>PMI<sup>(3)</sup></b>	Manufacturing	Manufacturing PMI rises to seven-month high of 51.1, from 51.0 in January.

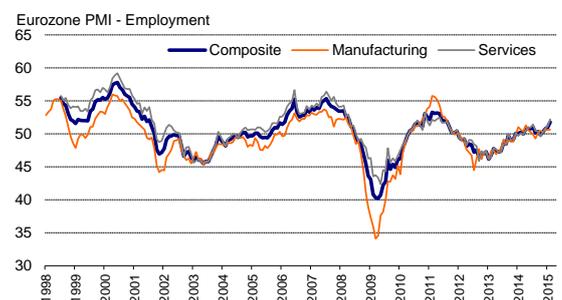
## Output



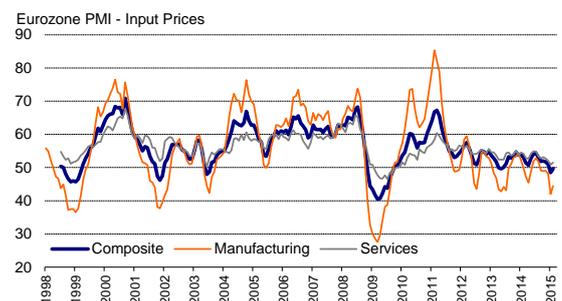
## New business



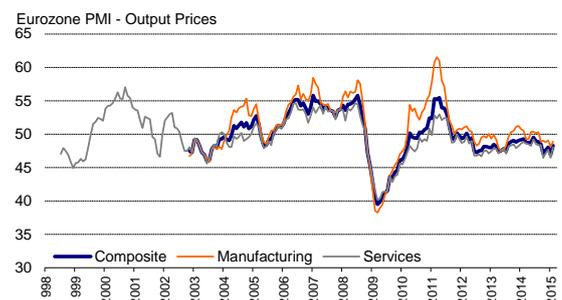
## Employment



## Input prices



## 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 February data are published on 2 March for manufacturing and 4 March 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 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 3,000 people in 10 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 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).

The intellectual property rights to the Markit Eurozone Flash *PMI*<sup>®</sup> provided herein are owned by or licensed to Markit Economics Limited. 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.