

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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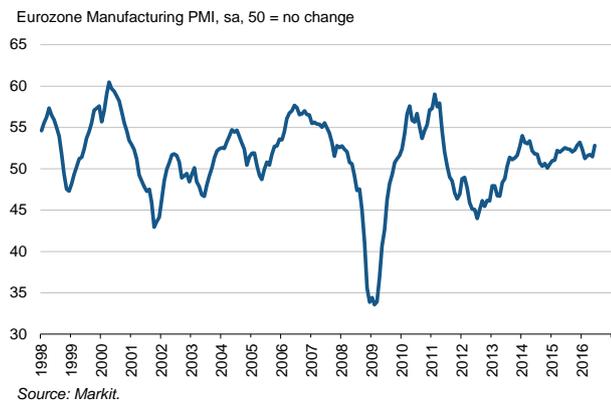
Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing growth at six-month high despite wide performance disparity between Germany and France

Data collected 13-23 June

- Final Eurozone Manufacturing PMI at 52.8 in June (Flash: 52.6, May Final: 51.5)
- Growth signalled in all nations bar France
- Price deflationary pressures at eurozone manufacturers ease further

Manufacturing PMI® (overall business conditions)



The recovery in the eurozone manufacturing sector gathered momentum in June. Growth of both production and new orders accelerated to the fastest in the year so far, taking the respective rates of expansion during the second quarter as a whole a tick above those achieved in quarter one.

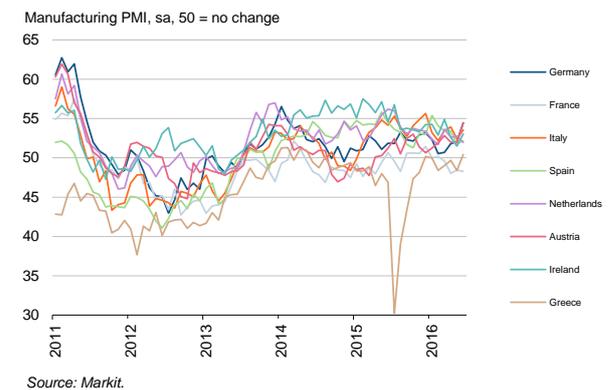
The final **Markit Eurozone Manufacturing PMI®** posted a six-month high of 52.8 in June, up from 51.5 in May and above the earlier flash estimate of 52.6. Growth was led by a resurgent Germany and Austria, where the rates of expansion accelerated to the fastest since February 2014 and May 2011 respectively. Upturns in Italy, Spain and Ireland also gathered pace, but slowed in the Netherlands.

The Greek PMI moved back into expansion territory

for the first time in six months, posting a 25-month peak of 50.4. The only nation to signal contraction was France. Moreover, the gap between the French and German PMI readings (6.2 points) was at its widest since the start of 2014.

Countries ranked by Manufacturing PMI®: June

Germany	54.5 (flash: 54.4)	28-month high
Austria	54.5	61-month high
Italy	53.5	2-month high
Ireland	53.0	3-month high
Spain	52.2	2-month high
Netherlands	52.0	4-month low
Greece	50.4	25-month high
France	48.3 (flash: 47.9)	2-month low



Eurozone manufacturing output has now increased continuously for three years. The latest expansion was underpinned by rising levels of new business from both domestic and export markets.

Germany, Italy, Austria and Ireland all reported stronger growth of both production and total new orders volumes in June. Although output expanded at a quicker pace in Spain, the growth rate in new orders continued to soften. All five of these nations saw increased levels of new export business.

In contrast, France, the Netherlands and Greece all saw lower levels of new export business in June. This partly explained the slowdown in growth of output and new business in the Netherlands and the contractions in both variables in France. France also reported weaker domestic market conditions.

Eurozone manufacturing employment increased again in June. Moreover, the rate of jobs growth accelerated to the quickest during the current 22-month sequence of expansion. Higher employment was linked to stronger new business growth and the fastest accumulation of backlogs of work during the year so far.

Staffing levels rose at the fastest pace since January 2012 in Germany, and also accelerated in Italy, Spain, Austria and Ireland. Increased hiring was also seen in the Netherlands and Greece, whereas France reported further (albeit slower) job cuts.

The improved performance of the eurozone manufacturing sector also tested capacity at suppliers. Higher output led to the steepest increase in purchasing activity for seven months, which in turn led to the sharpest lengthening of vendor lead times since the turn of the year.

June data pointed to a further easing in price deflationary pressures at manufacturers. Input costs and output prices both fell only marginally, with rates of decline the slowest since August 2015 and December 2015 respectively. The weaker decrease in costs mainly reflected the recent firming of global commodity prices.

Comment:

Chris Williamson, Chief Economist at Markit said:

“Euro area manufacturers enjoyed their strongest growth so far this year in June. An upturn in the rate of production growth signals factory output is expanding at a near-2% annual pace, which should help to drive further modest economic growth in the second quarter. New orders and exports also rose at faster rates, prompting a welcome upturn in hiring.*

“However, the data were collected prior to the UK EU referendum result, so any Brexit impact is yet to be seen in the PMI.

“The PMI would have likely been even higher had it not been for strikes in France, which look to have disrupted business activity in many cases. With Greece enjoying a welcome return to growth, France was the only country to see a deterioration in manufacturing conditions in June. All other countries saw faster rates of expansion except the Netherlands.

“Given the uncertainty caused by the prospect of Brexit, it seems likely that business and consumer spending will be adversely affected across the euro area in the short term at least, pulling growth down in coming months.”

-Ends-

*Including intra-eurozone trade.

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) 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 89% 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 June 2016 flash was based on 91% 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> [®]	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.

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About PMI

Purchasing Managers' Index[®] (*PMI*[®]) 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.

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