

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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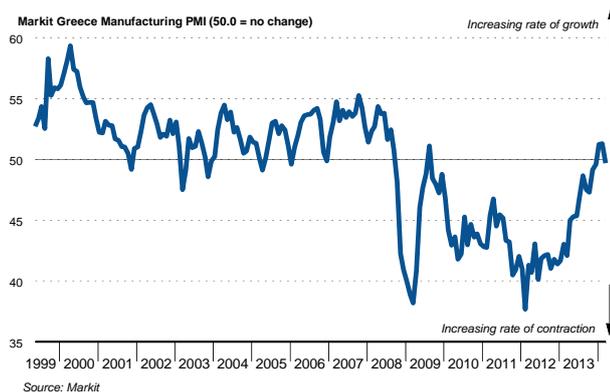
### Markit Greece Manufacturing PMI<sup>®</sup>

#### PMI falls to three-month low as output growth eases

##### Key points:

- Growth in output and new orders slows
- Weaker rate of job shedding recorded
- Input prices fall for first time in five months

##### Historical overview:



##### Summary:

Growth of Greek manufacturing output slowed to a modest pace in March, matching the trend in new order inflows. Stocks and employment were both lowered amid cash flow issues, though the pace of job shedding eased since the prior month. Latest survey data meanwhile pointed to further deflationary forces, with output prices falling on the back of strong competitive pressures as well as a marginal drop in input prices.

The seasonally adjusted Markit Greece Manufacturing Purchasing Managers' Index<sup>®</sup> (PMI<sup>®</sup>) – a composite indicator designed to provide a single-figure snapshot of operating conditions in the manufacturing economy – registered at 49.7 in March, down from 51.3 in February and its lowest reading so far this year. Despite the headline index falling back below the neutral 50.0 threshold in March, it nevertheless posted its best quarterly average since Q3 2008.

March data showed further increases in both output and new orders at Greek manufacturers, extending the current sequences of growth to five and four

months respectively. That said, rates of increase eased from February's recent highs to the slowest in the year-to-date. Weighing on overall inflows of new business was a decrease in new export orders, the first such fall in three months.

Employment in the manufacturing sector decreased further during March. The net rate of job losses was the weakest since December 2009, however. A number of firms mentioned having added to their payrolls to accommodate for increased sales.

Where employment did fall since February, panellists sometimes linked this to a lack of available cash. Purchasing activity and manufacturers' ability to keep stock were also affected by cash flow issues, with a return to decline in buying levels contributing to a faster decrease in pre-production inventories. Finished good stocks also contracted at a sharper rate, the fastest in two-and-a-half years.

March's survey showed a decrease in the level of outstanding business at Greek manufacturers for the sixty-ninth month in succession. Furthermore, the rate of decline was solid and the fastest since last October.

The average cost of raw materials and semi-manufactured products bought by manufacturers decreased in March, which panel member reports suggested was partly a reflection of lower global metals prices. Suppliers' delivery times meanwhile lengthened, although the extent of the deterioration in their performance was the least marked in four months.

Finally, March saw a decrease in Greek factory gate prices, continuing the trend observed in each month since March 2011. Although the least marked in 2014 so far, the degree to which output prices were reduced was still solid in the context of historical survey data.

*Continued...*

**Comment:**

Phil Smith, Economist at Markit and author of the *Greece Manufacturing PMI*<sup>®</sup>, said:

*“It was somewhat disappointing to see the headline PMI fall back below 50.0 in March. However, the key indices pertaining to output and new orders remained in growth territory – albeit they were lower than February’s peaks – suggesting the manufacturing sector has made a positive contribution to GDP in the opening quarter.*

*“March’s survey once again highlighted how a lack of liquidity and cash flow issues are impeding general business operations, with job creation as well as the buying, stocking and delivery of inputs all affected. A recovery in the manufacturing sector necessitates progress on this front.”*

-Ends-

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**Notes to Editors:**

The Greece Manufacturing PMI<sup>®</sup> (*Purchasing Managers’ Index*<sup>®</sup>) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 350 companies based in the Greek manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the ‘Report’ shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the ‘diffusion’ index. This index is the sum of the positive responses plus a half of those responding ‘the same’.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

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).

The Manufacturing Purchasing Managers’ Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers’ Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

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.

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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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