

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 23 June 2014**

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

### Eurozone growth slows to six-month low despite strengthening 'periphery'

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 52.8 (53.5 in May). 6-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 52.8 (53.2 in May). 3-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 51.9 (52.2 in May). 7-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 52.8 (54.3 in May). 9-month low.

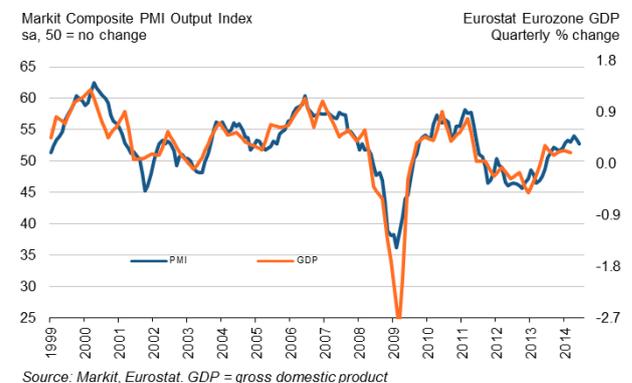
Data collected 12-20 June.

Eurozone economic growth slowed for a second month running in June, easing to the weakest since December, according to the flash reading of the Markit Eurozone PMI. Growth remained robust in Germany despite weakening slightly, and France's downturn deepened. Elsewhere across the region, however, growth was the strongest since August 2007.

The headline index covering output of both manufacturing and services fell from 53.5 in May to 52.8, dropping further from April's 35-month high. Despite the slowdown, the average PMI reading for the second quarter as a whole was the highest since the second quarter of 2011. Output has also now risen for 12 consecutive months. Output rose at identical rates in manufacturing and services, but the rates of growth slowed in both cases to nine- and three-month lows respectively.

In a sign that activity may reaccelerate, the survey's measure of new orders rose to its highest since May 2011, driven by the service sector. A slowing in growth of manufacturing new orders to the weakest since October pointed to ongoing sluggish production growth in coming months, while service sector companies reported the largest inflow of new business for three years. The service sector also saw business expectations about the year ahead improve to the second-highest seen over the past three years.

### Markit (Flash) Eurozone PMI and GDP



Firms took on more staff in order to boost capacity in line with the ongoing growth in activity. That said, rates of job creation in both manufacturing and services remained similar to the very modest rates seen in April and May.

Price pressures meanwhile picked up, with average input costs showing the largest monthly increase since November. Average costs in the service sector grew at the fastest rate since December 2012 and manufacturers' input costs rose for the first time since January. Both sectors reported higher oil prices as a key cause of rising costs.

Prices charged meanwhile continued to fall, but the decline was the smallest in the current 27-month sequence of reductions. Although charges for services continued to fall slightly, manufacturers raised their prices for the second month running.

By country, German companies continued to report robust output growth, but the pace of expansion was the weakest for eight months as growth slowed in both manufacturing and services. New order growth was more resilient and broadly unchanged since May, while headcounts continued to rise.

France meanwhile saw business activity contract for the second month running, suffering the steepest downturn since February as output fell in both manufacturing and services. Although only a

marginal decline in new orders was reported, headcounts were cut at the fastest rate since February.

Elsewhere across the single currency area, output growth accelerated again to reach the highest since August 2007. New orders showed the largest increase since July 2007. Although job creation remained only modest, recent months have seen the best spell of job creation in the ‘periphery’ since early-2008.

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

*“The June PMI rounded off the strongest quarter for three years, but a concern is that a second consecutive monthly fall in the index signals that the eurozone recovery is losing momentum.”*

*“Hopefully the recent stimulus measures from the ECB will help revive growth again, something which may already be evident as the survey saw the largest increase in inflows of new business for three years in June.”*

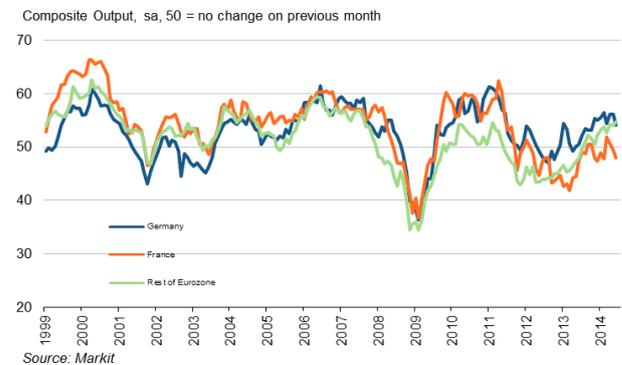
*“Concerns about deflation will also be soothed to some extent by prices charged falling only very modestly, dropping to the smallest extent for over two years. However, this is in part due to rising costs, notably higher oil prices.”*

*“The big concern is once again the divergent trends within the eurozone. Although the survey suggests the eurozone as a whole should grow by at least 0.4% in the second quarter, France appears to be entering a renewed downturn after GDP stagnated in the first quarter. Germany meanwhile looks set to grow by 0.7% or more in the second quarter, albeit with signs that the upturn is starting to lose momentum again.”*

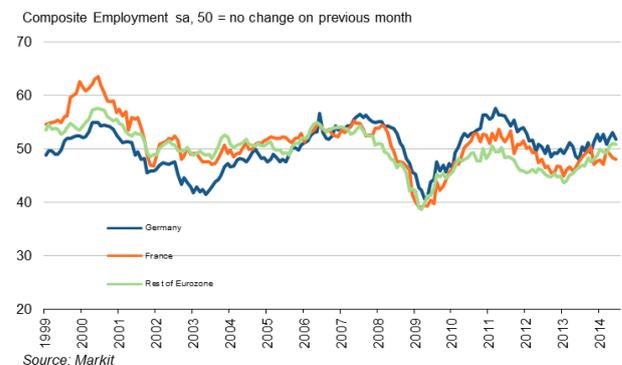
*“It is the rest of the region, outside of France and Germany, which – as a whole – is seeing the strongest growth momentum at the moment, highlighting how the ‘periphery’ is recovering. Growth outside of France and Germany accelerated in June to round off the best quarter since the third quarter of 2007.”*

-Ends-

### Core v. Periphery PMI Output Indices



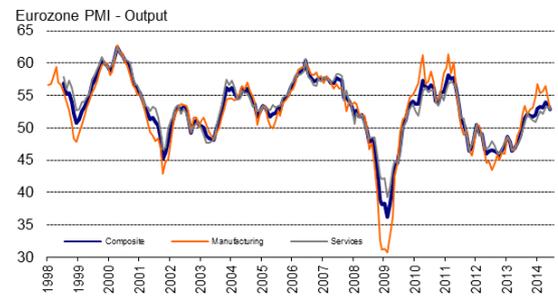
### Core v. Periphery PMI Employment Indices



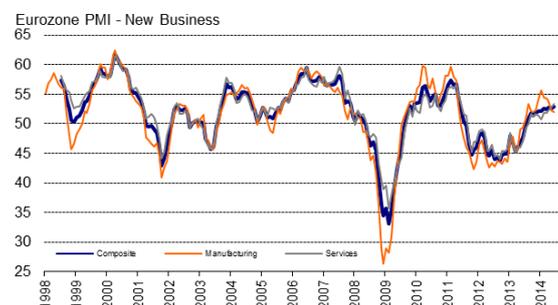
## Summary of June data

<b>Output</b>	<b>Composite</b>	<b>Output increases for twelfth month running, but at weakest rate in first half of 2014.</b>
	Services	Activity increases at slowest rate in three months.
	Manufacturing	Output growth eases to nine-month low.
<b>New Orders</b>	<b>Composite</b>	<b>New business growth fastest since May 2011.</b>
	Services	New business growth fastest since June 2011.
	Manufacturing	New order growth eases to eight-month low.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs fall for first time in four months.</b>
	Services	Outstanding business declines marginally.
	Manufacturing	Backlogs fall for second consecutive month.
<b>Employment</b>	<b>Composite</b>	<b>Employment rises for third month running.</b>
	Services	Employment growth remains marginal.
	Manufacturing	Workforce expands for sixth straight month.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation picks up to seven-month high.</b>
	Services	Input price inflation fastest since December 2012.
	Manufacturing	Input prices increase for first time in five months.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices fall for twenty-seventh consecutive month.</b>
	Services	Charges decline at weakest rate since March 2012.
	Manufacturing	Factory gate prices increase for second month running.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI eases to seven-month low of 51.9.

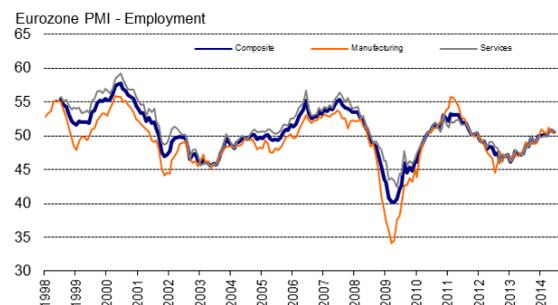
## Output



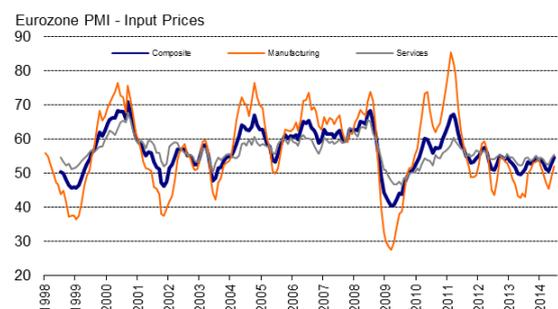
## New business



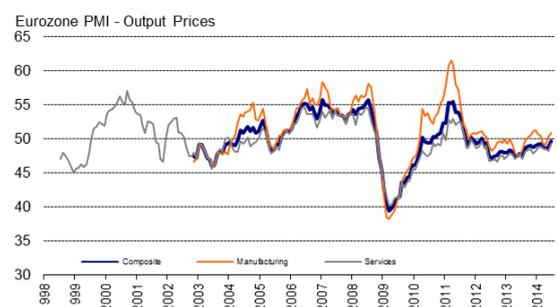
## Employment



## Input prices



## Output prices



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**Note to Editors:**

Final June data are published on 1 July for manufacturing and 3 July 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**

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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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