

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 20 November 2014**

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

#### November flash PMI signals weakest eurozone growth for 16 months

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 51.4 (52.1 in October). 16-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 51.3 (52.3 in October). 11-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 50.4 (50.6 in October). 2-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 51.8 (51.5 in October). 4-month high.

Data collected 12-19 November.

The pace of economic growth in the euro area slowed to a 16-month low in November, according to the Markit Eurozone PMI<sup>®</sup>. The headline index, which measures business activity in the manufacturing and services economies, fell from 52.1 in October to 51.4, its lowest since July of last year.

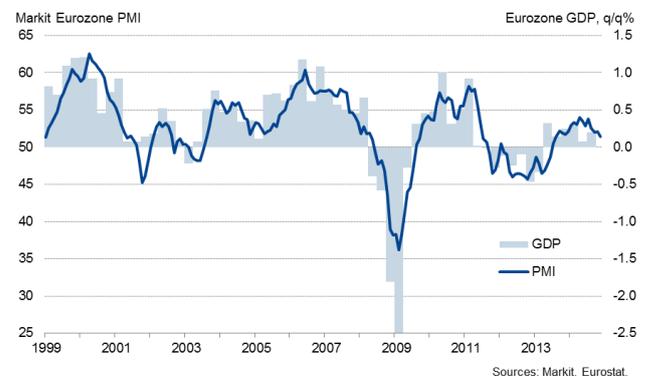
Manufacturing output growth picked up slightly to the highest for four months, but the rate of expansion remained only modest. Growth in the service sector meanwhile eased for a fourth successive month to the weakest since last December.

New orders fell very marginally, declining for the first time since July of last year. Orders fell for a third successive month in manufacturing, dropping at the fastest rate since May of last year, while inflows of new business in the services sector slowed to near-stagnation, registering the smallest rise since August of last year.

Overall backlogs of work fell at the fastest rate since June 2013, dropping for a sixth successive month. Levels of work-in-hand were down in both manufacturing and services.

Employment stabilised after falling marginally for the first time in 11 months in October, but firms generally remained reluctant to add to staffing numbers in the face of economic uncertainty and weak demand. Headcounts were stagnant in both manufacturing and services.

**Eurozone economic growth and the PMI**



Selling prices meanwhile fell again in both manufacturing and services, continuing the trend of falling prices that has been recorded since April 2012, although the rate of decline moderated slightly in November.

Input costs rose only modestly, increasing at the slowest rate for seven months. Input costs fell for a third consecutive month in manufacturing, registering the steepest decline for seven months amid falling prices for energy and other commodities. Service providers also enjoyed lower energy and transport costs, as well as muted wage growth, meaning average input costs for the sector showed the smallest rise since April.

**France** remained a key area of weakness, suffering a drop in business activity for a seventh consecutive month and a further month of job cuts. Although the rates of decline in business activity and employment eased slightly, inflows of new business fell at the fastest rate for almost one-and-a-half years. While the rate of decline in activity in the service sector slowed slightly, the manufacturing downturn gathered momentum.

In **Germany**, growth of business activity slowed to the weakest since July 2013 amid a stagnation of

new orders. November was the first month since June of last year that new orders failed to rise. The rate of job creation consequently slowed to register only a modest increase. Growth waned in both manufacturing and services, with new business trends deteriorating in both sectors. Service sector new business showed the smallest rise since January, while new orders in Germany's manufacturing sector fell at the fastest rate since December 2012, down for a third successive month.

**Elsewhere across the region**, the overall rate of expansion slowed marginally. An upturn in manufacturing output growth to the highest for four months was offset by slower growth of activity in the service sector. New business across both sectors showed the smallest rise since last November.

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

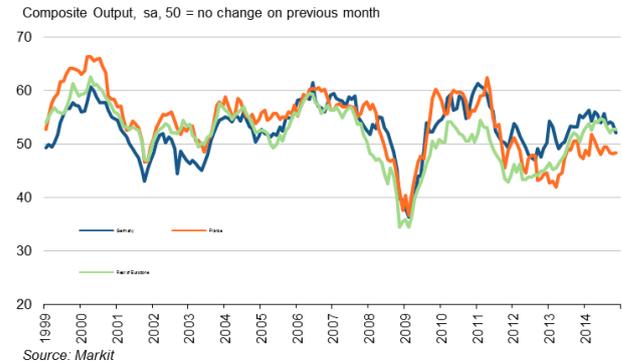
*“A fall in the eurozone PMI to a 16-month low raises the risk of the region slipping back into a renewed downturn. The single currency area is struggling to eke out any growth, with the PMI indicating that GDP is likely to have risen by just 0.1-0.2% in the fourth quarter. A drop in new orders for the first time in almost one-and-a-half years, albeit only very marginal, suggests growth could slow further in December.”*

*“France remains a key concern, with business activity falling for a seventh successive month and demand for goods and services deteriorating at a faster rate. Growth in Germany has meanwhile slowed to the weakest since the summer of last year, with demand stagnating. The rest of the region as a whole continues to outperform the two ‘core’ countries, though even here the rate of expansion has cooled.”*

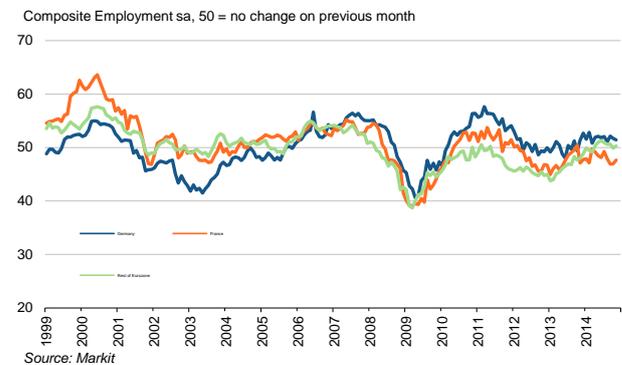
*“Policymakers will no doubt be disappointed that recent announcements and stimulus measures are showing no signs of reviving growth. The deteriorating trend in the surveys will add to pressure for the ECB to do more to boost the economy without waiting to gauge the effectiveness of previously-announced initiatives.”*

-Ends-

### Core v. Periphery PMI Output Indices



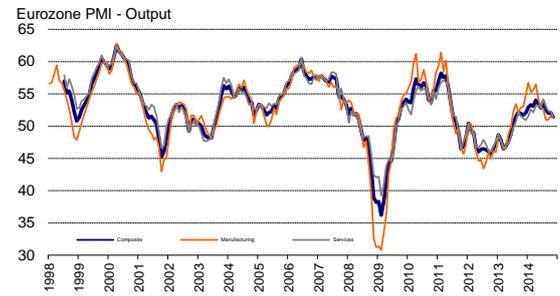
### Core v. Periphery PMI Employment Indices



## Summary of November data

<b>Output</b>	<b>Composite</b>	<b>Output increases for seventeenth month running, but at weakest rate since July 2013.</b>
	Services	Activity increases at weakest rate since December 2013.
	Manufacturing	Output growth picks up to four-month high.
<b>New Orders</b>	<b>Composite</b>	<b>New business stagnates.</b>
	Services	New business growth at 15-month low.
	Manufacturing	New orders decline marginally for third month running.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs decline at fastest rate since June 2013.</b>
	Services	Outstanding business falls at strongest pace in 17 months.
	Manufacturing	Backlogs fall for seventh month running.
<b>Employment</b>	<b>Composite</b>	<b>Employment little-changed since October.</b>
	Services	Employment little-changed since October.
	Manufacturing	Employment little-changed since October.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation eases to seven-month low.</b>
	Services	Input price inflation slowest since April
	Manufacturing	Input prices fall for third month running.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices fall at weaker rate than in October.</b>
	Services	Charges decline for thirty-sixth successive month.
	Manufacturing	Factory gate prices fall for third month running.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI falls to two-month low of 50.4.

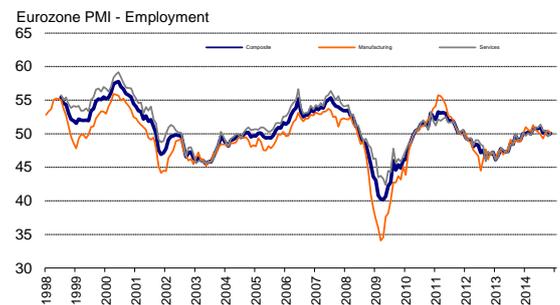
## Output



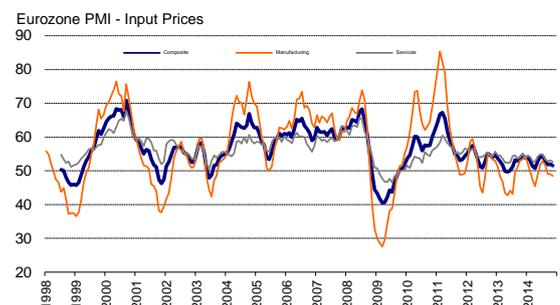
## New business



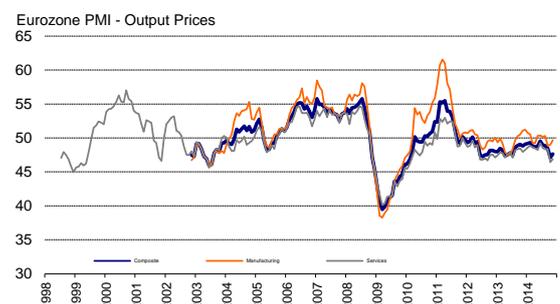
## Employment



## Input prices



## Output prices



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**Note to Editors:**

Final November data are published on 1 December for manufacturing and 3 December 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).

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