

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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Markit Flash Eurozone PMI[®]

Eurozone enjoys positive start to 2015 as PMI hits five-month high

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 52.2 (51.4 in December). 5-month high.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 52.3 (51.6 in December). 3-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 51.0 (50.6 in December). 6-month high.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 52.2 (50.9 in December). 6-month high

Data collected 12-22 January.

Growth of business activity in the euro area economy accelerated to its fastest for five months in January. The **Markit Eurozone PMI[®] Composite Output Index** rose from 51.4 in December to 52.2, according to the 'flash' estimate, which is based on around 85% of total survey replies.

The survey has now recorded an increase in the rate of economic expansion for two successive months, albeit with the rate of growth remaining only modest after having slowed to near-stagnation late last year (the latest reading remained below last year's average of 52.7).

New orders also grew at the sharpest rate for five months as demand picked up at the start of the year, representing a further turnaround from the marginal decline seen back in November.

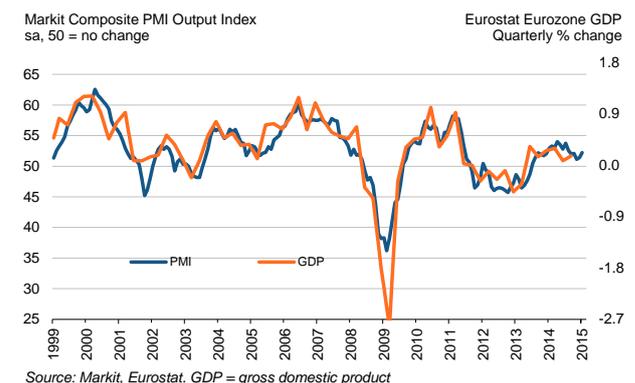
Backlogs of work meanwhile continued to fall in January, but the decline was only marginal and the smallest since last August.

With outstanding business showing signs of stabilising rather than being depleted, and new orders rising, firms grew more confident in taking on extra staff. Employment growth picked up slightly to show the largest monthly rise since last July as a result, though the rate of job creation remained disappointingly weak overall.

The upturn was evenly spread across manufacturing and services, both sectors seeing similarly improved rates of increase in output and

jobs. However, in both sectors the rates of increase remained weak by historical standards, most notably for new orders in the goods-producing sector, where only a marginal increase was again recorded.

Markit Eurozone PMI and GDP



The recent slump in **oil prices** was meanwhile a major factor behind the first drop in companies' input costs since May 2013, with average costs in fact showing the largest monthly fall since September 2009. The impact was most marked in manufacturing, where input costs fell at the sharpest rate since July 2009. Service sector costs were buoyed in part by some signs of rising wages and salaries, but nevertheless showed the smallest increase since February 2010.

Firms' selling prices consequently fell at the fastest rate since February 2010 as lower costs were passed on to customers. Prices charged fell to the greatest extent since June 2013 in manufacturing, while the decline in services was the joint-fastest in five years.

The strongest upturn was again seen outside of France and Germany, where the surveyed countries collectively enjoyed the strongest rise in business activity since last July, with the pace of expansion reviving from December's 13-month low. Growth accelerated in both manufacturing and

services.

France fared particularly badly once again, with activity dropping for a ninth successive month and at a faster rate, albeit suffering only a marginal overall decline as a return to contraction in services was offset by a reduced rate of decline in manufacturing. More encouraging was the news on new orders, which showed the largest gain since March of last year, causing employment to almost stabilise. Input prices fell for the first time since May 2013 and selling prices dropped at the second-fastest rate since 2009.

Germany enjoyed an upturn in the pace of expansion for a second successive month, but the improved rates of growth seen in both manufacturing and services remained well below the recent peaks seen last summer. New orders rose marginally, an improvement on the declines seen in the final two months of last year, leading to another month of modest job creation. German companies' input costs fell to the greatest extent since September 2009, despite upward pressure from the increase in the minimum wage, which fed through to the largest drop in selling prices since February 2010.

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

“The eurozone enjoyed a positive start to 2015, with the PMI survey signalling a strengthening in the pace of economic growth to the fastest for five months. The rate of expansion remains worryingly weak, however, with the PMI running at a level consistent with GDP rising at a quarterly rate of just 0.2%, and the economy both fragile and susceptible to shocks and further setbacks. That said, there’s good reason to believe the rate of expansion will continue to improve in coming months.

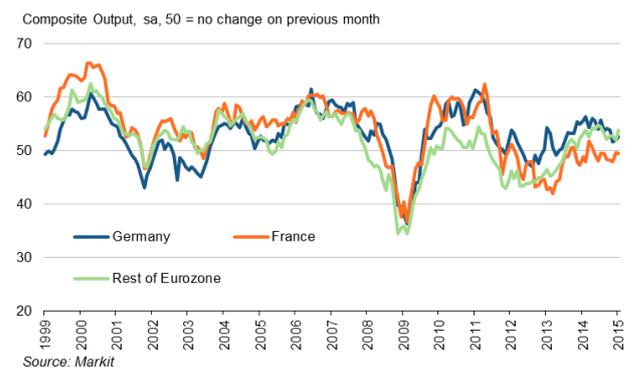
“Business confidence in services has already improved, rising to the highest since March of last year, and the additional stimulus in the form of full-scale quantitative easing by the ECB should help to underpin a further improvement in confidence among

households and businesses.

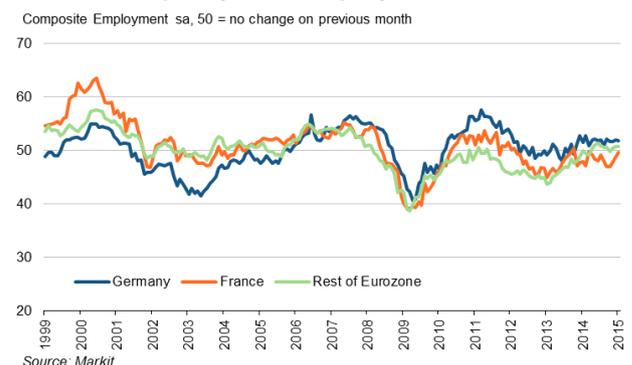
“The recent oil price slump is also already feeding through to reduced prices, with average prices charged by companies dropping at the fastest rate for almost five years. The price falls will be a boon to households, but will inevitably fuel growing concerns about the threat of deflation. However, with the January survey showing the largest rise in new orders for goods and services for five months, it seems that lower prices are resulting in higher consumer spending, rather than encouraging households to defer purchases in the hope of lower prices in the future.”

-Ends-

Core v. Periphery PMI Output Indices



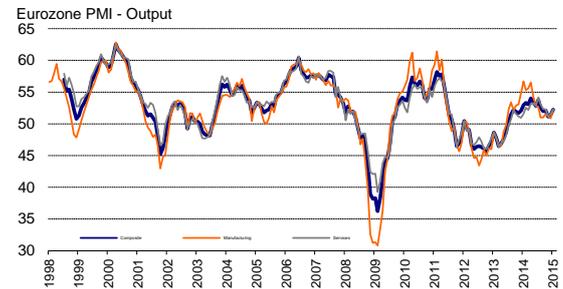
Core v. Periphery PMI Employment Indices



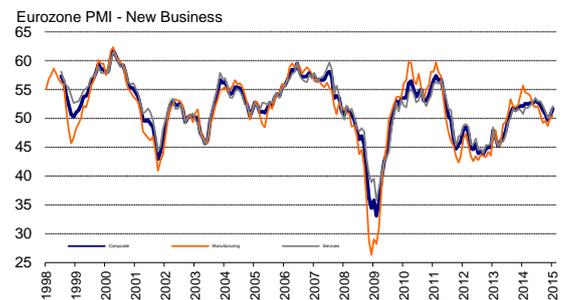
Summary of January data

Output	Composite	Output rises for nineteenth successive month, and at fastest rate since August.
	Services	Services growth accelerates to three-month high.
	Manufacturing	Growth of manufacturing output strongest since July.
New Orders	Composite	New business growth at five-month high.
	Services	Rise in services new business fastest in four months.
	Manufacturing	Manufacturing new orders increase for second month running.
Backlogs of Work	Composite	Outstanding business falls for eighth consecutive month, albeit marginally.
	Services	Incomplete business broadly unchanged.
	Manufacturing	Backlogs fall for ninth month running.
Employment	Composite	Employment increases at strongest pace since July.
	Services	Rate of job creation at six-month high.
	Manufacturing	Strongest rise in employment since April.
Input Prices	Composite	Input prices fall for first time since May 2013.
	Services	Weakest rise in input prices since February 2010.
	Manufacturing	Input prices fall at strongest rate since July 2009.
Output Prices	Composite	Charges decline at strongest pace since February 2010.
	Services	Service providers cut prices charged at stronger pace.
	Manufacturing	Factory gate prices fall at fastest rate since June 2013.
PMI⁽³⁾	Manufacturing	Manufacturing PMI rises to six-month high of 51.0, from 50.6 in December.

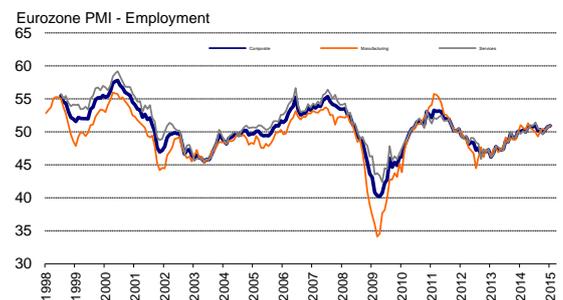
Output



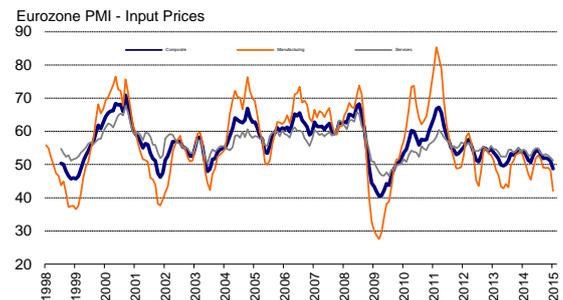
New business



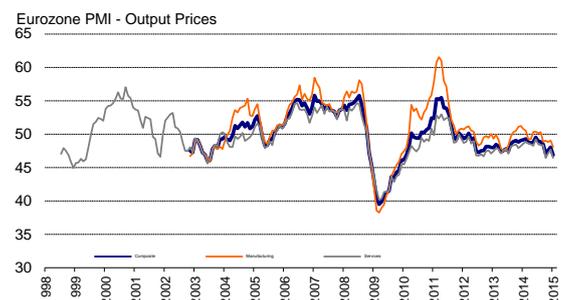
Employment



Input prices



Output prices



Source: Markit.

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Note to Editors:

Final January data are published on 2 February for manufacturing and 4 February for services and composite indicators.

The Eurozone *PMI*[®] (*Purchasing Managers' Index*[®]) 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 ¹	0.0	0.2
Eurozone Manufacturing <i>PMI</i> ²	0.0	0.2
Eurozone Services Business Activity Index ²	0.1	0.3

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 subsequently revised data are available to subscribers from Markit. Please contact 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.

About PMI

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

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