

# News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 16 December 2013**

## Markit Flash Eurozone PMI®

### Renewed upturn in PMI ends best quarter for two-and-a-half years

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 52.1 (51.7 in November). Three-month high.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 51.0 (51.2 in November). Four-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 52.7 (51.6 in November). 31-month high.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 54.8 (53.1 in November). 31-month high.

Data collected 5-13 December.

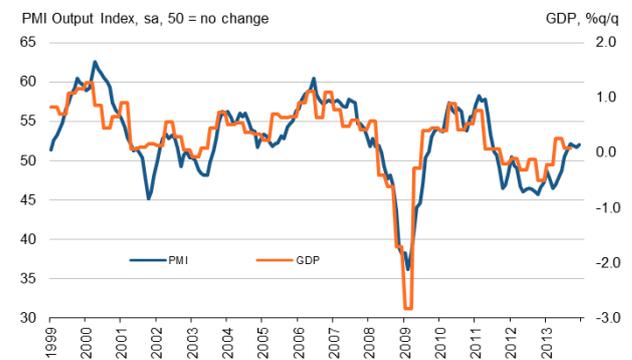
The **Markit Eurozone PMI® Composite Output Index** rose to 52.1 in December, according to the flash estimate, up from 51.7 in November. The upturn brings the rate of growth close to the 27-month peak seen in September and marks a reversal of the easing in the rate of growth seen over the prior two months.

Growth of new orders also accelerated, showing the biggest jump in demand for goods and services since June 2011.

Manufacturing led the upturn, with output rising for the sixth successive month and the rate of increase hitting the highest since April 2011. New orders at goods producers likewise rose for a sixth month, also showing the fastest expansion since April 2011. Order book growth was fueled by rising exports, growth of which continued to run at the fastest clip since early-2011.

It was a different story in services. Although activity in the service sector rose for a fifth straight month in December, the rate of growth slowed for the third successive month from the already weak pace seen in November, resulting in the smallest monthly expansion since August. Growth of new business also remained only very modest in the service sector, easing slightly in December as demand from many domestic markets within the single currency area remained lacklustre, hindered in the case of consumer services by high unemployment.

**Markit (Flash) Eurozone PMI and GDP**



Source: Markit, Eurostat. GDP = gross domestic product

Increasingly divergent trends were also evident by country. Of greatest concern was a drop in private sector activity for a second month running in France, where the rate of decline accelerated to the fastest since May.

In contrast, Germany continued to record a rate of expansion not seen since the first half of 2011. Output grew for an eighth successive month, at a rate little-changed from November's 29-month high.

Elsewhere across the region, output rose for the fifth month running and at the steepest rate since April 2011.

Private sector employment in the eurozone fell for a twenty-fourth consecutive month, but the decline was only marginal and the smallest seen over this period. A fractional decline in service sector employment compared with broadly no change in manufacturing jobs.

By country, employment rose for the third time in four months in Germany, with jobs being created at the highest rate since January 2012. Job losses were reported for a second month in a row in France, although the rate of decline eased. Elsewhere in the region, the pace of job losses slowed on average to the lowest since July 2011.

Input costs rose for the seventh month running, increasing at a rate only slightly below the 11-month high seen in November. Input prices grew at faster rate in manufacturing, but service sector input cost inflation eased slightly.

Prices charged for goods rose for the fourth month running, in part reflecting improved pricing power at some firms but also emanating from the need to pass rising costs on to customers to protect margins. In contrast, service sector charges declined further.

Finally, looking ahead, expectations of future activity in the service sector picked up on November but remained slightly below the recent highs seen in September and October.

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

*“The rise in the PMI after two successive monthly falls is a big relief and puts the recovery back on track. The upturn means that, over the final quarter, businesses saw the strongest growth since the first half of 2011, and have now enjoyed two consecutive quarters of growth.”*

*“On the downside, the PMI is signalling a mere 0.2% expansion of GDP in the fourth quarter, suggesting the recovery remains both weak and fragile.”*

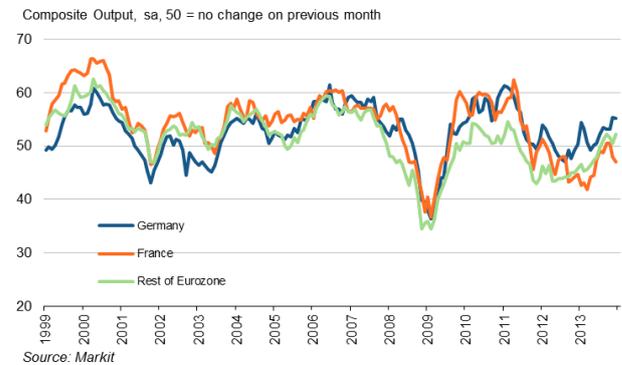
*“The upturn is also uneven. Growth is concentrated in manufacturing, where rising exports have helped push growth of the sector to the fastest for two-and-a-half years, while weak domestic demand led to a further slowing in service sector growth.”*

*“However, it’s the unbalanced nature of the upturn among member states that is the most worrying. France looks increasingly like the new ‘sick man of Europe’, as a second successive monthly contraction may translate into another quarterly decline in GDP, pushing the country back into a technical recession. In contrast, the December survey data round off a solid quarter of growth in Germany, in which GDP looks set to rise by 0.5%.”*

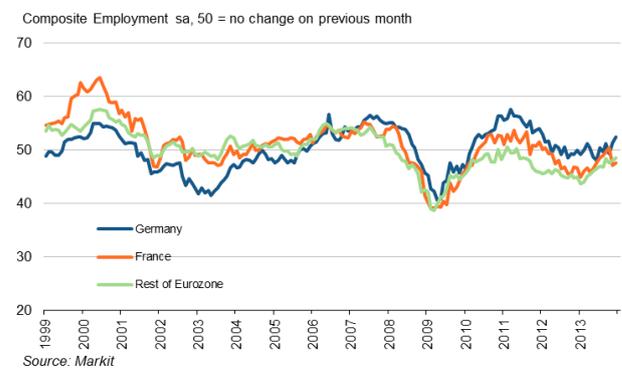
*“There’s little here to suggest that euro area policymakers need to increase their stimulus, but on the other hand the sluggish nature of the upturn adds to the sense that policy will remain ultra-accommodative for quite some time.”*

-Ends-

### Core v. Periphery PMI Output Indices



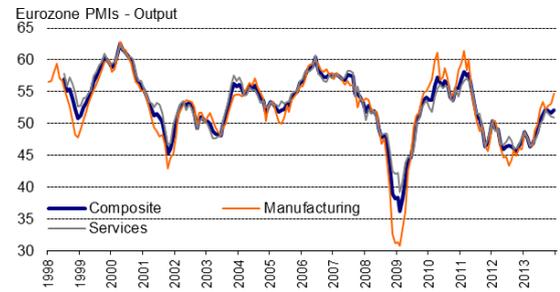
### Core v. Periphery PMI Employment Indices



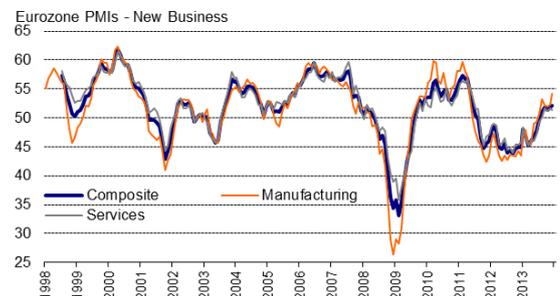
## Summary of December data

<b>Output</b>	<b>Composite</b>	<b>Output increases for sixth month running, and at fastest pace since September.</b>
	Services	Activity increases for fifth month running, but only modestly.
	Manufacturing	Output growth fastest in over two-and-a-half years.
<b>New Orders</b>	<b>Composite</b>	<b>New business growth at two-and-a-half year high.</b>
	Services	New business rises modestly.
	Manufacturing	New order growth fastest since April 2011.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs decline marginally.</b>
	Services	Outstanding business declines at fastest rate since June.
	Manufacturing	Backlogs rise for fourth time in five months.
<b>Employment</b>	<b>Composite</b>	<b>Employment close to stabilising.</b>
	Services	Employment contracts marginally.
	Manufacturing	Jobs largely unchanged since November.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation eases slightly.</b>
	Services	Input price inflation at two-month low.
	Manufacturing	Input prices rise at fastest rate in 14 months.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices fall at weakest rate since May 2012.</b>
	Services	Charges decline for twenty-fifth month running.
	Manufacturing	Factory gate prices rise for fourth month running.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI rises to 31-month high of 52.7.

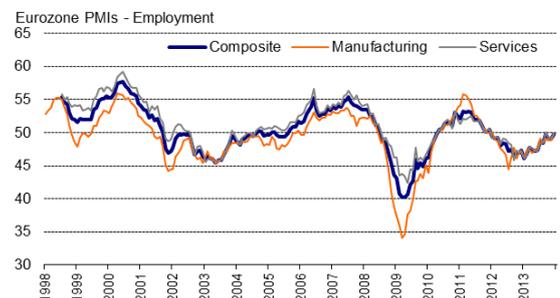
## Output



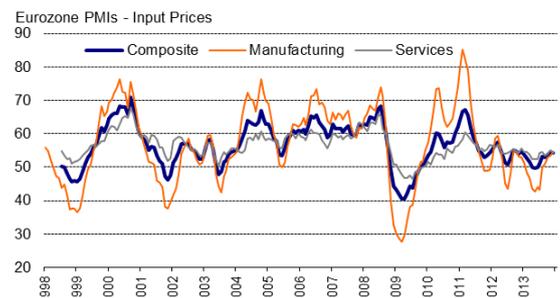
## New business



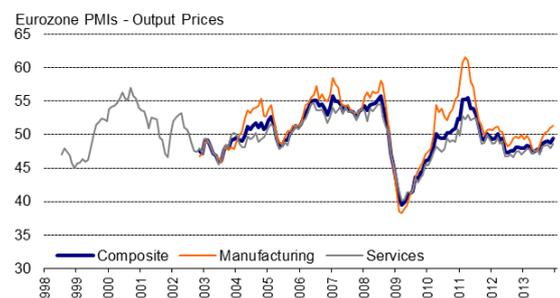
## Employment



## Input prices



## Output prices



Source: Markit.

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**Note to Editors:**

Final December data are published on 2 January for manufacturing and 6 January 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 financial information services company with over 3,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see <http://www.markit.com/en/>.

**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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