

# News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 21 August 2014**

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

### Eurozone recovery makes steady progress in August, as France stabilises

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 52.8 (53.8 in July). 2-month low.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 53.5 (54.2 in July). 2-month low.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 50.8 (51.8 in July). 13-month low.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 50.9 (52.7 in July). 14-month low.

Data collected 12-20 August.

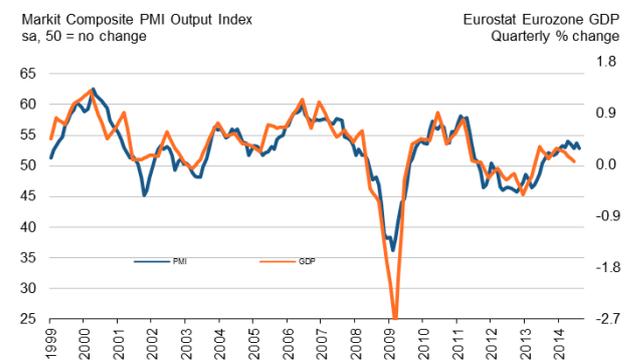
The Markit Flash Eurozone Composite Output Index gave back the ground it made in July, posting 52.8 in August, down from 53.8. The headline index has now remained above the neutral 50.0 mark for 14 successive months.

Although the rate of increase was broadly in line with the average for the current sequence of expansion, it was nonetheless the joint-weakest in the year-to-date and consistent with only a low pace of GDP growth (approximately 0.3%).

Output increased in both the manufacturing and service sectors, with service providers again reporting the sharper rate of expansion. However, rates of growth eased in both sectors. The extent of the slowing was much sharper in manufacturing, taking its rate of expansion to the weakest in the current 14-month sequence of production growth.

The ongoing subdued and fragile nature of the upturn in economic activity also remains too weak to encourage companies to take on staff in sufficiently large numbers to have a meaningful impact on unemployment. August saw job creation slow to near-stagnation, albeit still an improvement on the steep job losses seen this time last year, as a slight increase in employment at service providers was offset by further cuts at manufacturers.

### Markit (Flash) Eurozone PMI and GDP



Economic and geopolitical uncertainties, alongside the continuing need to maintain cost competitiveness, are also acting as brakes on job creation.

The growth rate of new business ticked higher in August. Market conditions brightened slightly for service providers, as new work received increased at the joint-quickest pace since May 2011. The downside was this being partly offset by the slowest increases in both manufacturing new orders and new export business in over a year.

On the cost front, average input prices rose for the fifteenth month running in August. However, the rate of increase eased to a three-month low and was well below the long-run survey average. Meanwhile, the ongoing subdued overall level of demand and rising competitive pressures led to a further cut in average output prices. Selling prices have fallen in each month since April 2012, with the latest cut the sharpest in three months.

Looking at the data by country, the marked divergence between the performances of Germany and France showed signs of narrowing.

Output in Germany rose for the sixteenth straight month in August. Although the pace of expansion

eased from July's three-month high, it was still solid and above the average for that sequence. Meanwhile, economic activity stabilised in France following contractions in the prior three months.

The divergence between the labour markets of the big-two nations continued, however, as Germany saw a modest gain in employee numbers at a time when France reported the steepest pace of job losses since February.

Further progress was made by the nations outside of the big-two, with economic output rising (on average) for the thirteenth successive month and a further slight increase in payroll numbers. However, on a more cautionary note, the pace of output expansion eased to its weakest in the year so far, reflecting a similar slowdown in new business growth.

Commenting on the flash PMI data, **Rob Dobson, Senior Economist at Markit** said:

*“The eurozone economy continued to make steady progress in August, as the region looks to bounce back following the recent weaker-than-expected GDP readings for the currency union.*

*“However, with the PMI Output Index slipping slightly to 52.8, the region remains on course to register growth of only around 0.3%-0.4% in the third quarter, a level that is unlikely to stimulate any real turnaround in the labour market.*

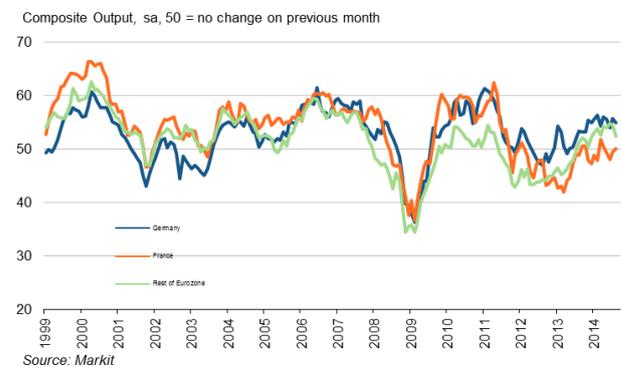
*“Even before rising geopolitical headwinds began to buffet the economy, the double-digit unemployment rate prevailing in the eurozone was already excessively high. Signs are that the modest job creation of recent months has stalled in August.*

*“There are some positive points coming out of the national data, however, with Germany recording solid growth and France stabilising following a brief period of contraction. Further progress was also made outside of the big-two economies, although signs that output and new order growth slowed sharply over the month adds a cautionary note for the outlook in the ‘periphery’.*

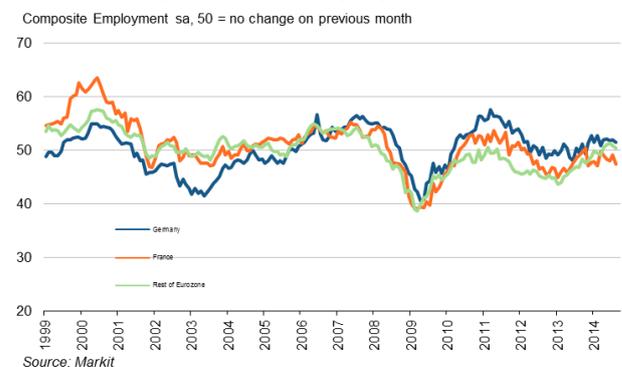
*“The muted rate of expansion and stalling labour market recovery will keep already-watchful eyes on the ECB for any signals that the ground is being softened for further supportive measures. However, it is most likely that policymakers will allow recent stimulus efforts to have a greater chance to filter through to the real economy before making any further moves.”*

-Ends-

### Core v. Periphery PMI Output Indices



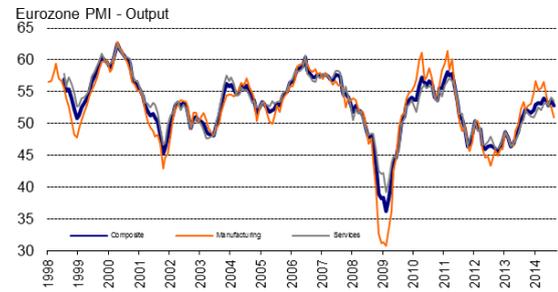
### Core v. Periphery PMI Employment Indices



## Summary of August data

<b>Output</b>	<b>Composite</b>	<b>Output increases for fourteenth month running, but at weaker rate.</b>
	Services	Activity increases at slower rate than in July.
	Manufacturing	Output growth weakest in current 14-month sequence.
<b>New Orders</b>	<b>Composite</b>	<b>New business growth picks up fractionally.</b>
	Services	New business growth matches June's 37-month high.
	Manufacturing	New order growth weakest since July 2013.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Backlogs largely unchanged.</b>
	Services	Outstanding business stabilises.
	Manufacturing	Backlogs fall for fourth consecutive month.
<b>Employment</b>	<b>Composite</b>	<b>Employment growth slows to near-stagnation.</b>
	Services	Employment growth eases to marginal pace.
	Manufacturing	Workforce declines for second month running.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation at three-month low.</b>
	Services	Input price inflation eases to four-month low
	Manufacturing	Input prices increase at slower rate.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices fall for twenty-ninth consecutive month.</b>
	Services	Charges decline for thirty-third successive month.
	Manufacturing	Factory gate prices increase for fourth month running.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI falls to 13-month low of 50.8.

## Output



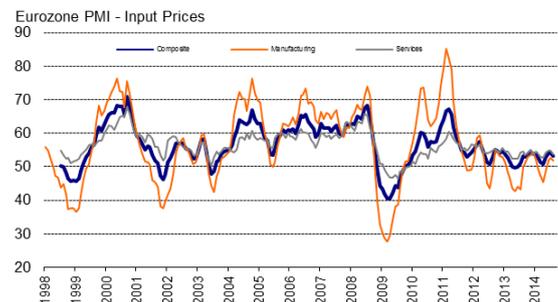
## New business



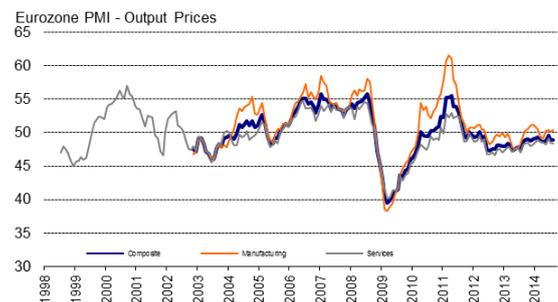
## Employment



## Input prices



## Output prices



Source: Markit.

**For further information, please contact:**

**Markit**

Rob Dobson, Senior Economist  
 Telephone +44-1491-461-095  
 Mobile +44-782-691-3863  
 Email [rob.dobson@markit.com](mailto:rob.dobson@markit.com)

Joanna Vickers, Corporate Communications  
 Telephone +44207 260 2234  
 E-mail [joanna.vickers@markit.com](mailto:joanna.vickers@markit.com)

**Note to Editors:**

Final August data are published on 1 September for manufacturing and 3 September 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).

The intellectual property rights to the Markit Eurozone Flash *PMI*<sup>®</sup> provided herein are owned by or licensed to Markit Economics Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index<sup>®</sup> and *PMI*<sup>®</sup> are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited.