

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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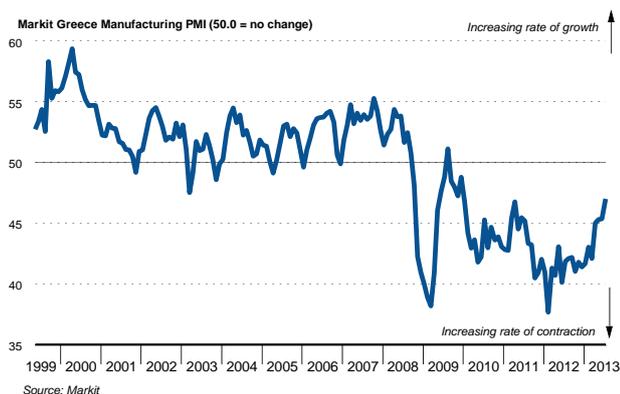
Markit Greece Manufacturing PMI®

PMI at 43-month high, indicating slower contraction in manufacturing

Key points:

- Headline PMI rises as rates of decline in output and new work ease
- Slowest fall in employment since January 2010
- Mild cost inflation maintains pressure on margins

Historical overview:



Summary:

The downturn in Greek manufacturing continued to ease at the start of the third quarter, with PMI data showing slower rates of decline in output, employment and new orders. Stock levels and purchasing activity also fell at reduced rates. Input cost inflation facing goods producers meanwhile picked up slightly since June, while factory gate prices were heavily discounted on the month.

The seasonally adjusted Markit Greece Manufacturing *Purchasing Managers' Index*® (PMI®) – a composite indicated designed to measure the overall performance of the manufacturing industry – climbed to a 43-month high of 47.0 in July, from 45.4 in June. The headline index has now risen in six of the past seven months, highlighting a sustained slowdown in the pace of contraction in Greece's manufacturing sector.

One factor helping lift the headline PMI towards the all-important 50.0 threshold was a slower decline in **output**. July's decrease was the least marked since

April 2011, and substantially slower than the pace of contraction seen at the start of the year.

A similar trend was recorded for **new orders**, the rate of decline of which was the slowest since January 2010. Contributing to the latest decrease in total new business was a drop in the level of sales to foreign clients. The reduction in **new export orders** was solid in the context of historical data, but slower than in the prior month.

Despite **employment** at Greek manufacturers falling again in July, there were some signs of encouragement on the jobs front. The overall rate of staff shedding was the slowest in 42 months, having eased for the fourth successive survey period.

As has been the case in every month since July 2008, **backlogs of work** were reduced by Greek manufacturers. The rate of decline was sharp, albeit slightly slower than in the preceding survey period.

July meanwhile saw stocks of both pre- and **post-production** inventories decrease to levels more consistent with lower demand. The former fell partly as a result of another drop in **purchasing activity** among manufacturers. The degree to which input buying declined was solid, although much less marked than in June and overall the slowest since April 2011.

Goods producers in Greece continued to contend with supply-chain issues, with **vendor delivery times** lengthening amid stock shortages and a lack of available liquidity. Although weaker than in June, the rate of lead time lengthening was nevertheless still solid overall.

A combination of rising **input costs** and lower **charges** maintained pressure on profit margins in July. The rate of inflation in average purchase prices was the fastest since February, although it remained only mild relative to the historical series trend. Factory gate prices meanwhile fell solidly on average amid efforts to boost sales, albeit to a lesser extent than in each of the previous two months.

Comment:

Phil Smith, Economist at Markit and author of the *Greece Manufacturing PMI*[®], said:

“The headline PMI continued its climb towards the 50.0 threshold as a slower decrease in new orders led manufacturers to moderate their reductions in output, employment and stocks of purchases compared to June. Although still some way off showing outright stabilisation in the sector, these latest data are at least a stark improvement from

those observed at even the start of the year and bring hope that a recovery is on the horizon.

“July’s decrease in factory employment was, as with new orders, the least marked since the start of 2010. This will have helped to relieve upward pressure on Greece’s unemployment rate which has already started to show signs of plateauing.”

-Ends-

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Notes to Editors:

The Greece Manufacturing *PMI*[®] (*Purchasing Managers’ Index*[®]) is produced by Markit Economics. The report features original survey data collected from a representative panel of around 350 companies based in the Greek manufacturing sector. The panel is stratified by Standard Industrial Classification (SIC) group, based on the industry contribution to GDP.

Survey responses reflect the change, if any, in the current month compared to the previous month based on data collected mid-month. For each of the indicators the ‘Report’ shows the percentage reporting each response, the net difference between the number of higher/better responses and lower/worse responses, and the ‘diffusion’ index. This index is the sum of the positive responses plus a half of those responding ‘the same’.

Diffusion indexes have the properties of leading indicators and are convenient summary measures showing the prevailing direction of change. An index reading above 50 indicates an overall increase in that variable, below 50 an overall decrease.

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.

The Manufacturing Purchasing Managers’ Index (PMI) is a composite index based on five of the individual indexes with the following weights: New Orders - 0.3, Output - 0.25, Employment - 0.2, Suppliers’ Delivery Times - 0.15, Stock of Items Purchased - 0.1, with the Delivery Times Index inverted so that it moves in a comparable direction.

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.

About Markit

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About PMIs

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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