

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 (UK Time) 24 March 2015

Markit Flash Eurozone PMI®

Eurozone growth gathers momentum as PMI nears four-year high

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 54.1 (53.3 in February). 46-month high.
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 54.3 (53.7 in February). 46-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 51.9 (51.0 in February). Ten-month high.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 53.5 (52.1 in February). Ten-month high.

Data collected 12-23 March.

Eurozone business activity grew at the fastest rate for almost four years in March. The Markit Eurozone PMI™ rose from 53.3 in February to 54.1 in March, according to the flash estimate based on an expected 85% of usual monthly replies, climbing for a fourth successive month to reach the highest since May 2011.

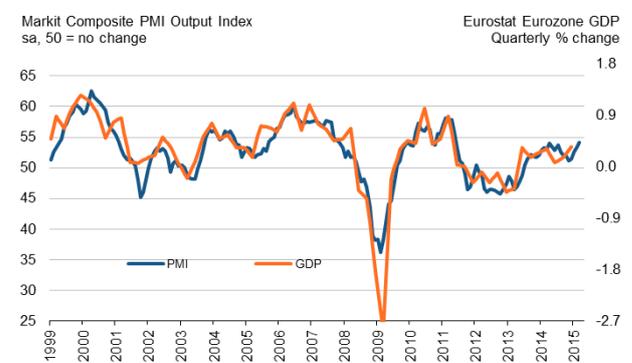
At 53.3, the average PMI reading for the first quarter was the highest since the second quarter of last year.

The upturn in business activity was fuelled by new order growth likewise accelerating further to the highest since May 2011.

The improvement was broad-based by sector. Growth of services business activity and new business both hit the highest since May 2011, accompanied by stronger rates of increase in both manufacturing output and new orders to the highest since May of last year. Growth of new orders for goods exports hit an eight-month peak.

Employment growth meanwhile picked up to the fastest since August 2011. Job creation in the service sector held steady at the near four-year high seen in February, while factory headcounts showed the largest monthly improvement since April last year.

Markit Eurozone PMI and GDP



Source: Markit, Eurostat. GDP = gross domestic product

Deflationary pressures eased during the month. Average prices charged for goods and services fell at the slowest rate since last July, the rate of decline easing in part due to the need for some firms to pass higher costs on to customers. Input prices showed the largest monthly increase since last July, boosted in part by higher US dollar-denominated import prices arising from the euro's decline as well as higher staff costs.

Manufacturing selling prices and input prices rose for the first time in seven months, albeit up only modestly in both cases. In the service sector, prices charged fell, but the rate of decline was the weakest for nine months as input costs showed the strongest monthly increase since last July.

By country, business activity growth accelerated to the highest for eight months in Germany, with new order growth hitting a nine-month record. German factory output rose at a markedly faster rate, reaching the highest for nearly a year and catching up with the strong pace of expansion seen in services, which hit a six-month high. Input costs meanwhile rose for the first time in four months, pushing up selling prices.

The French PMI surveys signalled an expansion of business activity for a second successive month, albeit with the rate of improvement moderating

slightly from February's 42-month high and running well below that seen in Germany. New order growth gathered pace, however, edging up to the highest since August 2011. Manufacturing continued to disappoint in France, with output falling for a tenth successive month, leaving the upturn dependent on a further rise in services activity.

Elsewhere across the region, business activity rose at the fastest rate since last July, with new order growth accelerating to the fastest since July 2007 and job creation the strongest seen since September 2007.

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

"The eurozone's economic recovery gained further momentum in March, with the PMI hitting its highest for almost four years. The improvement provides welcome news to a region awaiting signs that the ECB's quantitative easing is stimulating the real economy."

"The region's GDP looks to have expanded by 0.3% in the first quarter, buoyed by a 0.4% expansion in Germany and signs of a long-awaited recovery in France. Although the surveys are signalling a mere 0.2% expansion of the French economy in the first quarter, the euro area's second-largest economy is seeing its best performance since 2011."

"Business conditions are also picking up in the rest of the region, where growth of new orders and employment both hit the highest since 2007."

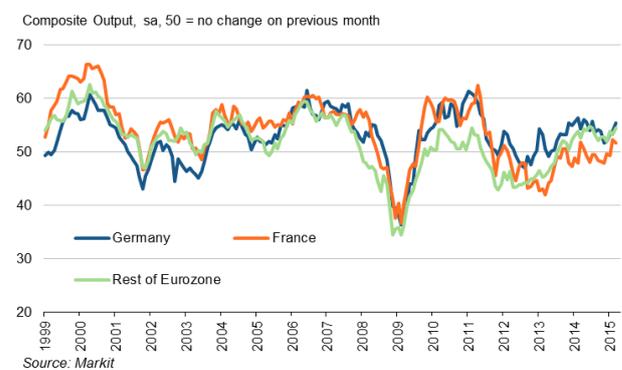
"Service sector growth again outpaced that seen in manufacturing across the region as a whole, but both sectors saw improved rates of expansion. While service providers and manufacturers have been helped by consumers enjoying low prices, manufacturing has also been boosted by exporters benefitting from the weaker euro."

"Deflationary pressures also eased during the month, linked to higher wages and rising import costs resulting from the euro's depreciation."

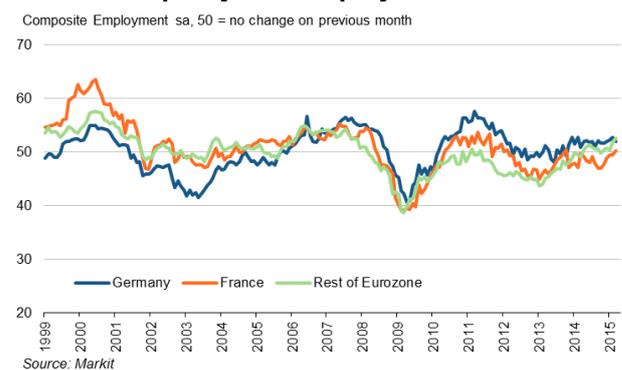
"The survey data therefore indicate that the ECB's quantitative easing has been started at a time when the eurozone's economic upturn is already starting to gain traction. This augurs well for the region to enjoy further improvements in business conditions as the year proceeds, helping drive greater business investment and hiring, and thereby ensuring that the recovery becomes sustainable. Worries persist, however, in relation to Greece and Russia, which are a reminder that ongoing recovery is by no means assured."

-Ends-

Core v. Periphery PMI Output Indices



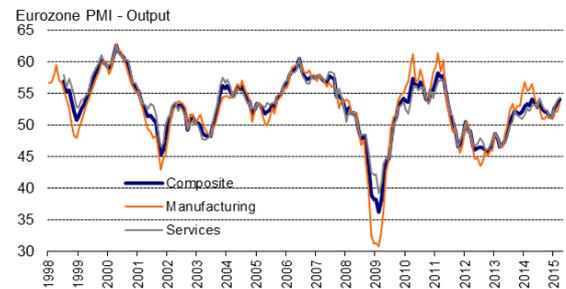
Core v. Periphery PMI Employment Indices



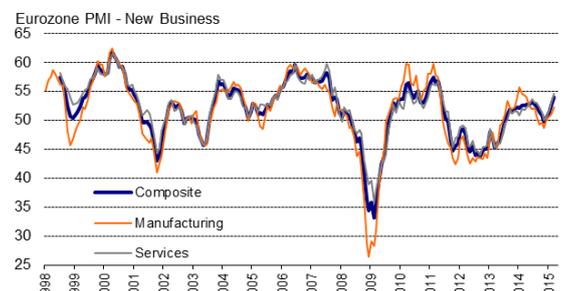
Summary of March data

Output	Composite	Output rises for twenty-first successive month, and at fastest rate since May 2011.
	Services	Services growth accelerates to 46-month high.
	Manufacturing	Growth of manufacturing output strongest since May 2014.
New Orders	Composite	New business growth at 46-month high.
	Services	Rise in services new business fastest in nearly four years.
	Manufacturing	Manufacturing new orders increase for fourth month running.
Backlogs of Work	Composite	Outstanding business grows for second successive month.
	Services	Incomplete business broadly unchanged since February.
	Manufacturing	Backlogs rise for first time since April 2014.
Employment	Composite	Employment increases at strongest pace since August 2011.
	Services	Rate of job creation unchanged from February's 45-month high.
	Manufacturing	Jobs increase at strongest rate in 11 months.
Input Prices	Composite	Input prices rise at fastest rate in eight months.
	Services	Input price inflation strengthens to eight-month high.
	Manufacturing	Input prices rise for first time in seven months.
Output Prices	Composite	Charges decline at marginal pace.
	Services	Service providers cut prices charged at weakest rate since last June.
	Manufacturing	Factory gate prices rise for first time in seven months, albeit marginally.
PMI⁽³⁾	Manufacturing	Manufacturing PMI rises to ten-month high of 51.9, from 51.0 in February.

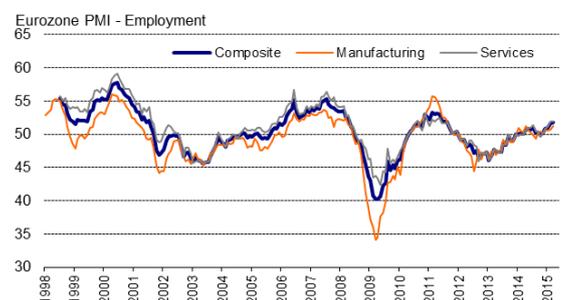
Output



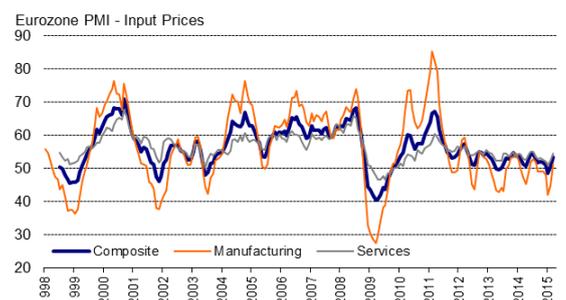
New business



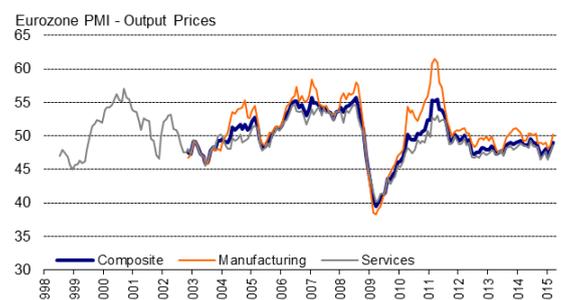
Employment



Input prices



Output prices



Source: Markit.

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Note to Editors:

Final March data are published on 1 April for manufacturing and 7 April 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 3,500 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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