

News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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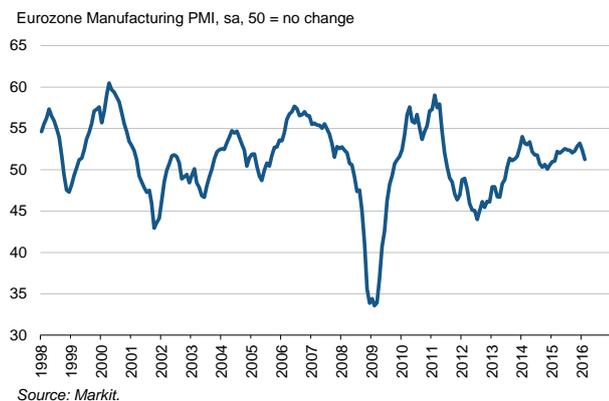
Markit Eurozone Manufacturing PMI® – final data

Eurozone PMI falls to 12-month low in February

Data collected 12-22 February

- Final Eurozone Manufacturing PMI at 51.2 in February (Flash: 51.0, January Final: 52.3)
- Slower growth of production, new orders, export business and employment
- France and Germany hover close to stagnation mark; Greece slips back into contraction

Manufacturing PMI® (overall business conditions)



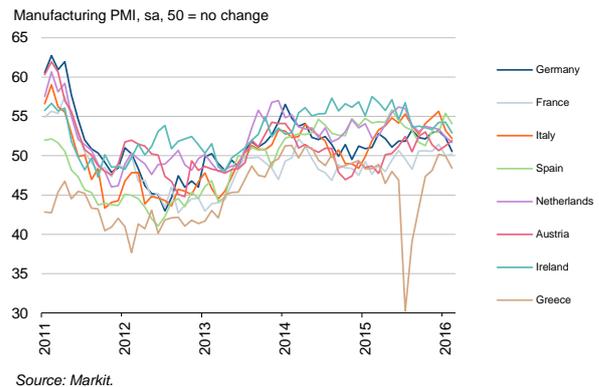
The rate of growth in the eurozone manufacturing sector continued to slow in February, as expansions in production, new orders, new export business and employment all lost momentum.

At 51.2 in February, from 52.3 in January, the final seasonally adjusted **Eurozone Manufacturing PMI®** fell to a 12-month low despite posting slightly above its earlier flash estimate of 51.0. The PMI has remained above the neutral 50.0 mark for 32 successive months.

Manufacturing production rose at the slowest pace for a year, as rates of expansion in new business and new export orders eased to the weakest since April 2015 and January 2015 respectively. Job creation was registered for the eighteenth month running, but the rate of increase in staffing levels

Countries ranked by Manufacturing PMI®: Feb.

Spain	54.1	2-month low
Ireland	52.9	24-month low
Italy	52.2	12-month low
Austria	51.9	4-month high
Netherlands	51.7	18-month low
Germany	50.5 (flash: 50.2)	15-month low
France	50.2 (flash: 50.3)	2-month high
Greece	48.4	3-month low



eased to a 12-month low.

National PMI data signalled growth in seven out of the eight countries covered by the survey, although only one (Austria) recorded a faster rate of increase than in January. The Greek PMI fell back into

contraction territory for the first time in three months, as production, new orders and employment all fell.

The subdued performance of the 'big-two' nations also weighed on the euro area PMI, with growth in both Germany and France only slightly above the stagnation mark.

The rate of expansion in German manufacturing output was the slowest since December 2014, as growth of both new orders and new export business eased further. This filtered through to the German labour market, with manufacturing job cuts reported for the first time in one-and-a-half years.

Although the France Manufacturing PMI ticked higher, the underlying dynamics of the data remained weak overall. Production, new orders and new export orders all contracted, leading to no change in manufacturing employment.

Italy, Spain and Ireland all saw their respective rates of growth for output, new orders and new export orders weaken during February. The Netherlands also saw production rise at a slower pace, while total new orders were unchanged compared to one month ago. Brighter news was provided by the trend in employment for Spain, Ireland and the Netherlands, however, with job creation accelerating in all three.

Price pressures remained firmly on the downside during February. On the cost front, average purchase prices fell for the seventh month running and to the greatest extent since July 2009. Intense competition among suppliers and weaker global commodity prices both contributed to the latest decrease in manufacturers' costs. Suppliers' delivery times, a key gauge of capacity utilisation, pointed to the weakest supply chain pressures since July 2013.

Average factory gate prices fell for the sixth straight month, with only Austria reporting an increase among the nations covered by the survey. Furthermore, the rate of output charge deflation at eurozone manufacturers accelerated to the fastest since June 2013. Lower selling prices reflected reduced purchasing costs and weakening growth in new order volumes.

Comment:

Chris Williamson, Chief Economist at Markit said:

"With factory output in the eurozone showing the smallest rise for a year in February, concerns are growing that the region is facing yet another year of sluggish growth in 2016, or even another downturn.

"Lacklustre domestic demand is being compounded by a worsening global picture. Exports either fell or rose more slowly in all countries surveyed with the sole exception of Austria.

"For a region in desperate need of lower unemployment, the near-stalling of jobs growth in the manufacturing sector comes as disappointing news. Firms are cutting back on their hiring due to worries about the outlook.

"Prices are meanwhile being dropped as firms endeavour to boost sales, suggesting deflationary pressures have intensified. Input prices are falling at a rate not seen since July 2009.

"With all indicators – from output and demand to employment and prices – turning down, the survey will add pressure on the ECB to act quickly and aggressively to avert another economic downturn."

-Ends-

*Including intra-eurozone trade.

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Note to Editors:

The Eurozone Manufacturing *PMI*[®] (*Purchasing Managers' Index*[®]) is produced by Markit and is based on original survey data collected from a representative panel of around 3,000 manufacturing firms. National data are included for Germany, France, Italy, Spain, the Netherlands, Austria, the Republic of Ireland and Greece. These countries together account for an estimated 89% of Eurozone manufacturing activity.

The final Eurozone Manufacturing *PMI* follows on from the flash estimate which is released a week earlier and is typically based on approximately 85%–90% of total *PMI* survey responses each month. The February 2016 flash was based on 90% of the replies used in the final 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 Manufacturing <i>PMI</i> [®]	0.0	0.2

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 revised data are available to subscribers from Markit. Please contact economics@markit.com.

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About PMI

Purchasing Managers' Index[®] (*PMI*[®]) surveys are now available for over 30 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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