

News Release

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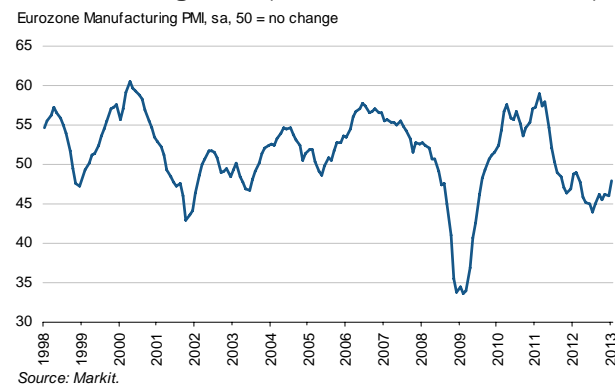
Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing recession eases at start of 2013

Data collected 11–24 January.

- Final Eurozone Manufacturing PMI at 11-month high of 47.9 (flash: 47.5, December: 46.1)
- Output rises in Germany, the Netherlands and Ireland, but downturn deepens in France
- Price pressures remain subdued, as cost inflation eases and output prices fall

Manufacturing PMI® (overall business conditions)



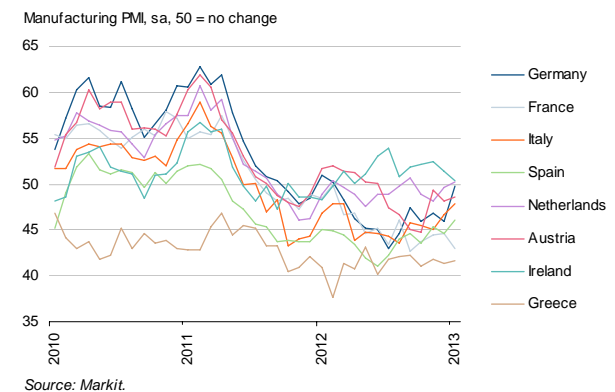
The downturn in the Eurozone manufacturing sector eased at the start of 2013, as rates of decline in production and new orders both slowed.

At 47.9 in January, up from 46.1 in December, the seasonally adjusted Markit **Final Eurozone Manufacturing PMI®** rose to its highest level for 11 months. It was also slightly above the earlier flash estimate of 47.5. The headline index has nonetheless remained at a sub-50.0 level – signalling contraction – for one-and-a-half years.

There remained wide disparities between the performances of the member nations. This was especially noticeable between the big-two economies, as a welcome return to output growth in Germany contrasted with deepening recession in France. France was the only nation to see its PMI both below 50.0 and fall since December.

Countries ranked by Manufacturing PMI® (Jan.)

Ireland	50.3	9-month low
Netherlands	50.2	4-month high
Germany	49.8	11-month high
Austria	48.6	2-month high
Italy	47.8	10-month high
Spain	46.1	19-month high
France	42.9	4-month low
Greece	41.7	2-month high



Eurozone manufacturing **production** contracted for the eleventh successive month in January, but the rate of decline was the weakest since March 2012, the start of that sequence. The downturns in new orders and new export orders also eased sharply.

Rates of contraction signalled for output, new business and new exports were also slower than signalled by the earlier flash estimates. The indices rose by between +0.7 and +0.9 points in each case, almost entirely due to upward revisions to the data for Germany between flash and final publication.

German manufacturing output rose for the first time in ten months in January, as companies benefitted from stabilising trends in both total new business and new export orders. Ireland and the Netherlands also reported increases in production, while the rates of contraction eased in Italy, Spain, Austria

and Greece. Greece reported the strongest decline overall.

The downturn in the French manufacturing sector reaccelerated in January, with rates of contraction in output and new orders at (or close to) the fastest for over three-and-a-half years.

Measured overall, **incoming new orders** to Eurozone manufacturers nonetheless fell solidly in January, albeit at the slowest pace in nearly a year. All nations except Germany reported a decrease. The decline in **new export orders** was only marginal, however, partly reflecting increases seen in Italy, Spain, Ireland and the Netherlands.

Eurozone manufacturing **employment** declined for the twelfth month running, and at the quickest pace since last October. Job losses were reported by all nations covered except the Netherlands (which saw employment stabilise following cuts in the prior three months). Payroll numbers fell at faster rates in Germany, France, Italy and Austria. Signs of excess capacity nonetheless remained evident, with **backlogs of work** at Eurozone manufacturers depleted for the twentieth month in a row.

Price pressures remained subdued in January. **Input costs** rose for the fifth successive month, but the rate of inflation was the weakest during this sequence. Input costs rose in all of the nations covered by the survey bar Germany, which saw a further modest reduction.

Average **factory gate prices** at Eurozone manufacturers were reduced further in January, mainly reflecting lacklustre pricing power and subdued demand. Output charges have now failed to rise in each of the past eight months. Only Italy, the Netherlands and Austria reported increases.

Cost caution continued to lead to lower **inventory holdings** of both raw materials and finished goods during January, while **purchasing activity** was also reduced. **Suppliers' delivery times**, meanwhile, lengthened for the fourth month running.

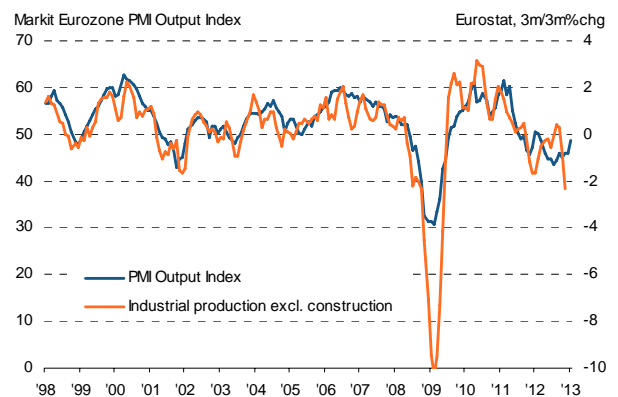
Comment:

Chris Williamson, Chief Economist at Markit said:

"The Eurozone economic picture continues to brighten, with the final reading of the manufacturing PMI for January coming in ahead of the earlier flash estimate. The survey continues to signal an overall deterioration of business conditions, but rose to an 11-month high to suggest that the industrial sector is close to stabilising after contracting throughout much of last year.

"The improvement was led by Germany, which saw the strongest gain in output of all eurozone states, but rising exports are also helping to revive the manufacturing sectors of other countries, most notably Spain and Italy.

"While the industrial sector looks likely to have acted as a drag on the eurozone economy in the final quarter of last year, deepening the double-dip downturn, the PMI provides hope that the first quarter could mark the start of a turnaround. Providing there are no further set-backs to the region's debt crisis, these data add to the expectation that the eurozone is on course to return to growth by mid-2013."



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For further information, please contact:

Chris Williamson, Chief Economist
 Telephone +44-20-7260-2329
 Mobile +44-779-5555-061
 Email chris.williamson@markit.com

Rob Dobson, Senior Economist
 Telephone +44-1491-461-095
 Mobile +44-7826-913-863
 Email rob.dobson@markit.com

Caroline Lumley, Director, Corporate Communications
 Telephone +44-20-7260-2047
 Mobile +44-781-581-2162
 Email caroline.lumley@markit.com

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 90% 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 January flash was based on 95% 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 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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