

News Release

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

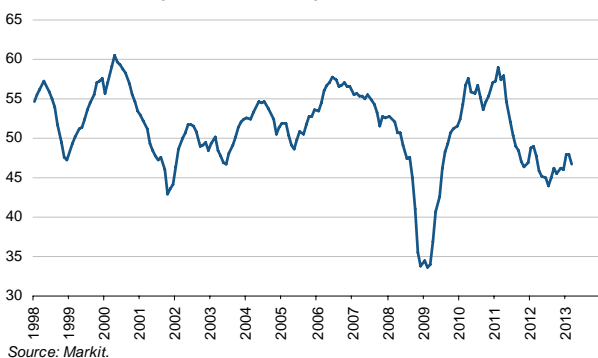
Downturn deepens as business conditions deteriorate in all euro nations

Data collected 12-21 March.

- Final Eurozone Manufacturing PMI at three-month low of 46.8 (flash: 46.6).
- Output and new orders fall at stronger rates, driving further job losses.
- PMIs fall in almost all countries, with modest decline in Germany accompanied by steep downturns in France, Spain and Italy.

Manufacturing PMI® (overall business conditions)

Eurozone Manufacturing PMI, sa, 50 = no change



Source: Markit.

The downturn in the Eurozone manufacturing sector deepened in March. At 46.8, down from 47.9 in February, the seasonally adjusted Markit **Final Eurozone Manufacturing PMI®** fell to reach a three-month low and has now remained below the neutral 50.0 mark since August 2011.

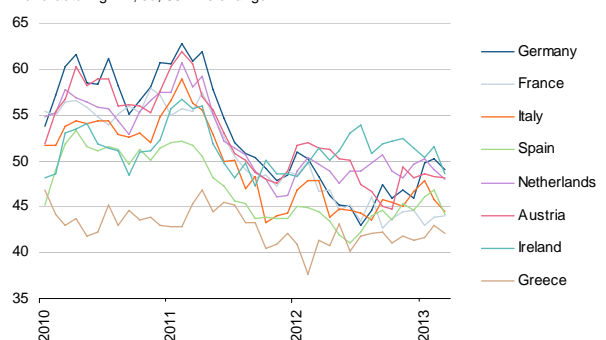
Although the headline PMI was above its earlier flash estimate of 46.6 and the average for the first quarter as a whole (47.5) was the highest since the opening quarter of last year, March nonetheless saw a worsening of manufacturing conditions across the currency union. Germany and Ireland both fell back into contraction, while rates of decline gathered pace in all of the other nations covered by the survey with the exception of France, though the rate of contraction in the latter remained deep and was only exceeded by

that of Greece.

Countries ranked by Manufacturing PMI® (Mar.)

Germany	49.0	2-month low
Ireland	48.6	14-month low
Austria	48.1	3-month low
Netherlands	48.0	10-month low
Italy	44.5	7-month low
Spain	44.2	5-month low
France	44.0	3-month high
Greece	42.1	2-month low

Manufacturing PMI, sa, 50 = no change



Source: Markit.

Manufacturing **production** contracted at the fastest pace in the year-to-date, as companies experienced a further solid decrease in inflows of new business. Output fell in all of the nations covered by the survey with the sole exception of the stagnation seen in Germany.

March saw **total new orders** decline for the twenty-second successive month, dropping at the fastest pace since December. Demand was weaker in both domestic and export markets, reflecting lacklustre client confidence. The outlook for manufacturing also deteriorated, as the ratio of new orders-to-finished goods inventories dipped to a three-month low.

Although companies continued to see rising demand from clients in North America and South

Asia, intra-eurozone trade was often reported to have acted as an increased drag on order books. New export orders resumed their downward trend as a result, having improved slightly for the first time in 20 months in February.

The Netherlands and Italy were the only nations to report increases in new export orders. German producers reported a slight fall following marked growth in February, while Ireland and Spain reported declines for the first time in six months. Rates of reduction accelerated in France and Austria, but eased sharply to an 11-month low in Greece.

Job losses were reported for the fourteenth straight month in March, with steep rates of declines reported in France, Italy, Spain, the Netherlands, Ireland and Greece. Germany and Austria bucked this trend, with both raising employment following declines in the prior month. Germany's slight increase was the first in six months, while the rate of jobs growth in Austria hit an 11-month peak.

Price pressures were subdued in March, with average output prices and input costs both falling over the month. The decline in average **input prices** was the sharpest since July 2012. Although the reduction in **output charges** remained only marginal, it extended the period of decline to three successive months.

Stocks were reduced again during March, as manufacturers cut back **holdings of both finished goods and purchases**.

Comment:

Chris Williamson, Chief Economist at Markit said:

"The Eurozone manufacturing sector looks likely to have acted as a drag on the economy in the first quarter, with an acceleration in the rate of decline in March raising the risk that the downturn may also intensify in the second quarter.

"The surveys paint a very disappointing picture across the region, with all countries either seeing sharper rates of decline or – in the cases of Germany and Ireland – sliding back into contraction.

"Companies reported that signs of stronger demand from markets such as Asia and the US were countered by a renewed weakening of demand within the euro area, in turn reflecting deteriorating business and consumer confidence.

"While in some respects it is reassuring to see that the events in Cyprus did not cause an immediate impact on business activity, with the final survey results even coming in slightly higher than the flash estimate, the concern is that the latest chapter in the region's crisis will have hit demand further in April."

-Ends-

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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 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 March flash was based on 93% 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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