

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 0900 (UK Time) 23 April 2013

Markit Flash Eurozone PMI[®]

Eurozone suffers ongoing downturn in April as Germany sees renewed downturn

- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 46.5 (46.5 in March).
- Flash Eurozone Services PMI Activity Index⁽²⁾ at 46.6 (46.4 in March). Two-month high.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 46.5 (46.8 in March). Four-month low.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 46.3 (46.7 in March). Four-month low.

Data collected 12-22 April.

The **Markit Eurozone PMI[®] Composite Output Index** was unchanged on March's reading of 46.5 in April, according to the flash estimate. The sub-50 reading indicated a drop in activity for the nineteenth time in the past 20 months, the exception being a marginal increase in January 2012.

Activity fell sharply again in both manufacturing and services. While the former saw the steepest rate of decline for four months, the latter saw the downturn ease slightly compared with March.

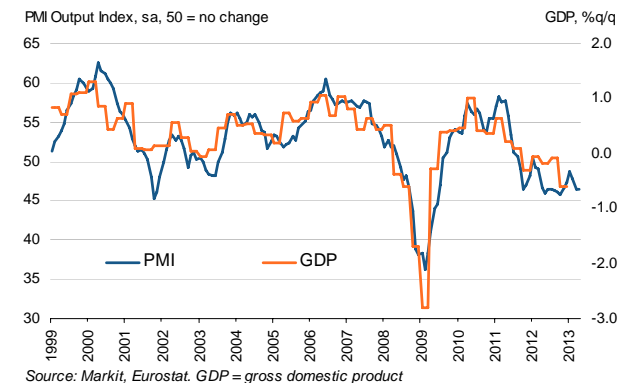
New business fell for the twenty-first successive month, with the rate of deterioration accelerating for the third month in a row to signal the steepest decline since December. Marked falls were seen in both manufacturing and services.

Divergent trends were evident in the region's two largest member states. While France saw the rates of decline in both business activity and new business ease sharply to the slowest for four and eight months respectively, Germany saw both activity and new business fall at the steepest rates for six months. The drop in German activity was also notable in being the first since last November. Elsewhere across the region output fell at the slowest rate for three months in April, though the rate of loss of new business remained marked.

Backlogs of work fell for the twenty-second consecutive month, being depleted at the same rate as March (though still falling less steeply than seen

late last year). The ongoing deterioration in the order book pipeline prompted firms to cut **payroll numbers** for the sixteenth month running. The rate of job losses accelerated slightly on March, reflecting stronger rates of job shedding in both manufacturing and services.

Markit (Flash) Eurozone PMI and GDP



Employment rose slightly for the second month in a row in Germany, though the rate of job creation slowed due to a drop in manufacturing headcounts. The rate of job cutting accelerated in France, running ahead of that seen elsewhere in the Eurozone – where a marginal easing was seen in the average rate of job losses.

Price pressures eased, attributable to a combination of lower commodity prices and a widespread need to cut prices in the face of weak demand. Firms' input costs fell for the first time since September 2009, feeding through to the steepest drop in average rates charged for goods and services since February 2010.

Looking ahead, service sector companies' **expectations** about activity levels in the year ahead fell to the lowest for four months. Meanwhile in manufacturing the orders-to-inventory ratio fell to the lowest for six months, suggesting firms may seek to cut production again in May.

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

“Although the PMI was unchanged in April, the survey is signalling a worrying weakness in the economy at the start of the second quarter, with signs that the downturn is more likely to intensify further in coming months rather than ease.

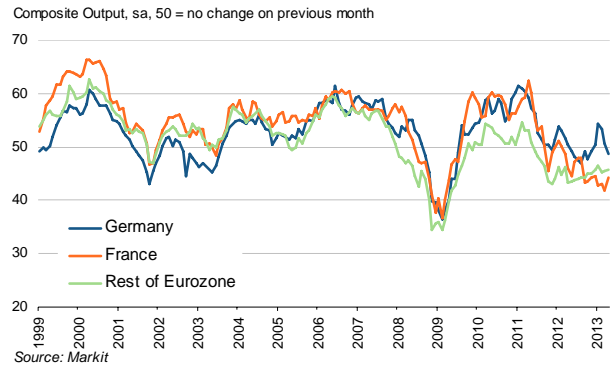
“Thanks to an upturn in the survey at the start of the year, the PMI suggests that euro area GDP fell by around 0.2-0.3% in the first quarter after a 0.6% drop at the end of last year. However, the April reading points to a 0.4% rate of decline, with downside risks. Worryingly, the rate of loss of new business gathered further momentum, suggesting that activity and employment could fall at steeper rates in May.

“The renewed decline in Germany will also raise fears that the region’s largest growth engine has moved into reverse, thereby acting as a drag on the region at the same time as particularly steep downturns persist in France, Italy and Spain.

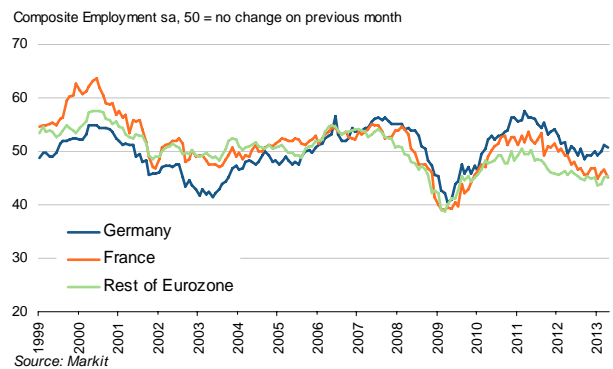
“Policymakers will at least be relieved to see inflationary pressures cooling, which could further open the door to renewed policy stimulus.”

-Ends-

Core v. Periphery PMI Output Indices



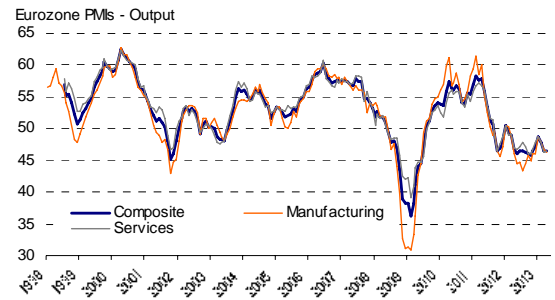
Core v. Periphery PMI Employment Indices



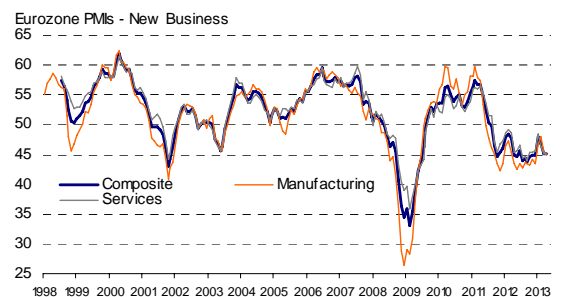
Summary of April data

Output	Composite	Output falls for fifteenth month running, at unchanged rate from March (46.5).
	Services	Activity falls at weakest rate since February.
	Manufacturing	Output falls at strongest rate in four months.
New Orders	Composite	New business declines at strongest rate in 2013 so far.
	Services	New business falls for twentieth successive month.
	Manufacturing	New orders fall at strongest rate since December.
Backlogs of Work	Composite	Further sharp decline in backlogs.
	Services	Outstanding business drops at slowest rate for over a year.
	Manufacturing	Backlogs fall for twenty-third month running.
Employment	Composite	Jobs decline for sixteenth consecutive month.
	Services	Employment declines at faster rate than in March.
	Manufacturing	Jobs shed for fifteenth successive month.
Input Prices	Composite	Input prices fall for first time since September 2009.
	Services	Input price inflation weakest since February 2010.
	Manufacturing	Input prices fall at sharpest rate since July 2009.
Output Prices	Composite	Output prices fall at sharpest rate since February 2010.
	Services	Charges decline at fastest rate in seven months.
	Manufacturing	Output prices fall at sharpest rate since January 2010.
PMI⁽³⁾	Manufacturing	PMI declines to four-month low of 46.5.

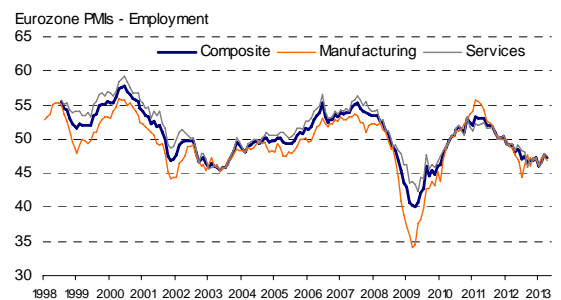
Output



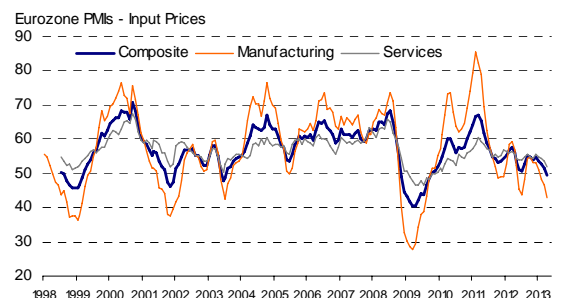
New business



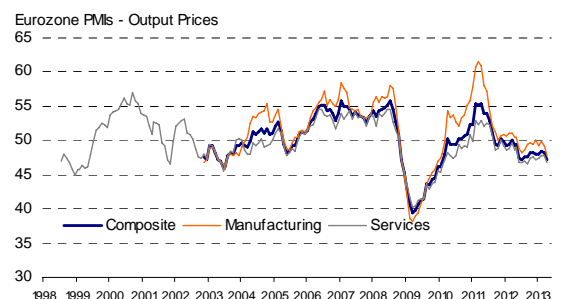
Employment



Input prices



Output prices



Source: Markit.

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Note to Editors:

Final April data are published on 2 May for manufacturing and 6 May 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> ³	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

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About PMIs

Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*[®] (*PMI*[®]) surveys have become 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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