News Release

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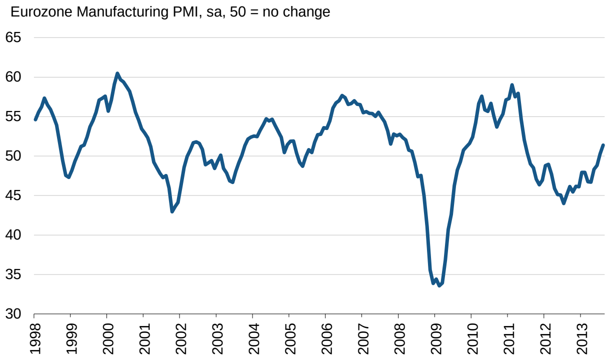
Markit Eurozone Manufacturing PMI® – final data

Eurozone manufacturing recovery gathers pace in August

Data collected 12-22 August.

- Final Eurozone Manufacturing PMI at 26-month high of 51.4 in August (July: 50.3)
- Growth improves in Germany, the Netherlands, Italy, Austria and Ireland.
- Input prices broadly unchanged since July

Manufacturing PMI® (overall business conditions)



Source: Markit.

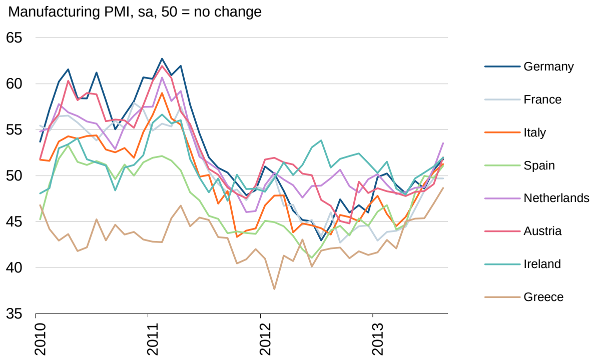
The recovery in the eurozone manufacturing sector entered its second month during August. At 51.4, up from a flash reading of 51.3, the seasonally adjusted **Markit Eurozone Manufacturing PMI®** rose for the fourth successive month to reach its highest level since June 2011.

National PMIs improved in all nations bar France, while France and Greece were the only countries to register readings below the 50.0 no-change mark. The Netherlands topped the PMI league table, followed by Austria and then Ireland.

Growth rates for production, new orders and new export business all accelerated to the fastest since May 2011, with back-to-back increases also signalled for each of these variables. Meanwhile, the outlook for output remained on the upside as the new orders-to-inventory ratio hit a 28-month high and backlogs of work rose marginally.

Countries ranked by Manufacturing PMI®: Aug.

Netherlands	53.5	27-month high
Austria	52.0	18-month high
Ireland	52.0	9-month high
Germany	51.8 (flash 52.0)	25-month high
Italy	51.3	27-month high
Spain	51.1	29-month high
France	49.7 (flash 49.7)	Unchanged
Greece	48.7	44-month high



Source: Markit.

The upturns in production at German, Italian, Dutch and Austrian manufacturers all strengthened on the back of improving inflows of new business. Output also rose further in Ireland and returned to growth in Spain as a result of an increase in new business.

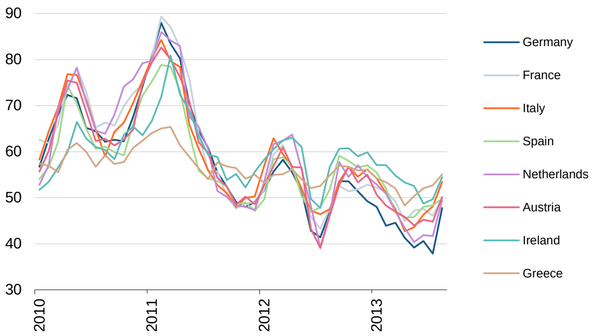
All of these nations also reported higher levels of new export business, with rates of increase hitting 28-month highs in Italy and the Netherlands, a 32-month record in Spain and a 29-month high in Austria. German exports rose following five months of decline, while the rate of growth in Ireland held broadly steady at July's seven-month peak.

In contrast, output, new orders and new export orders fell at French manufacturers. Production also declined in Greece, despite stabilisations in both total new business and foreign demand following prolonged spells of contraction.

Inflationary pressures remained subdued in August, as average input costs and selling prices were both broadly unchanged over the month. Only Italy and Austria reported increases in factory gate prices.

Input costs rose in Italy, Austria, Ireland and Greece, while rates of reduction eased in all of the other nations covered. Overall, the Eurozone Manufacturing Input Prices Index rose by 6.8 points month-on-month – the second-greatest increase in the survey history. This represented a marked easing in deflationary pressure.

Manufacturing PMI Input Prices, sa, 50 = no change



Source: Markit.

The stabilisation in average input prices partly reflected a slight improvement in demand for raw materials, as rising levels of production led to an increase in purchasing activity for the first time since June 2011. Supplier lead times, which act as a barometer for supply-chain price pressures, also lengthened for the second month running.

Employment remained a weak point for the manufacturing sector in August, with job losses recorded for the nineteenth straight month. The pace of reduction was slightly faster than in July – mainly due to steeper rates of decline in Germany, Italy and Spain – but still weaker than the average for the current sequence of job shedding. Only Ireland reported an increase in staffing levels.

Comment:

Chris Williamson, Chief Economist at Markit said:

"Manufacturing in the euro area continued to show signs of recovery in August. Although gains are still only modest, companies reported the strongest improvement in business conditions for just over two years, with a pick up in new orders growth suggesting the upturn will be sustained into September.

"What's especially encouraging is that the upturn is broad-based, with PMIs rising in all countries with the exception of France, where business conditions have at least stabilised after the steep downturn reported earlier in the year. Germany, the Netherlands, Austria, Spain and Italy are now all seeing manufacturing grow at the fastest rates for at least two years, and even Greece saw a marked easing in the rate of manufacturing decline.

"Policymakers will be reassured by the data, which add to growing signs of a building recovery for the eurozone economy. However, the fact that companies remain reluctant to take on staff [due to the need to cut costs to boost competitiveness and offset rising oil prices] suggests that there's a long way to go before the recovery feeds through to a meaningful job market improvement."

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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 August 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 *PMI*®	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.