News Release

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

Includes Markit Eurozone Services PMI®

Eurozone recovery gathers pace at end of third quarter

- Final Eurozone Composite Output Index: **52.2** (Flash 52.1, August 51.5)
- Final Eurozone Services Business Activity Index: **52.2.** (Flash 52.1, August 50.7)

The September PMI surveys provided further evidence that the eurozone recovery gathered pace, after the region pulled out of the longest recession in its history. There were also reassuring signals on the jobs front as the rate of losses eased to a very modest pace, raising the possibility of employment starting to recover in the near future.

The final **Markit Eurozone *PMI*® Composite Output Index** rose to a 27-month high of 52.2 in September, up from 51.5 in August and above the earlier flash estimate of 52.1.

The level of the headline index has improved in each month since March and remained above the 50.0 mark – signalling expansion – throughout the third quarter. The September reading rounded off the strongest quarterly growth rate for the eurozone since the second quarter of 2011.

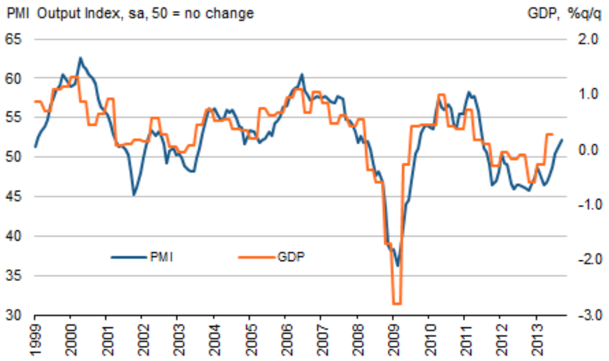
Rates of output expansion were identical in the manufacturing and service sectors, as growth at manufacturers eased from August's high and the recovery in service sector business activity caught up by hitting a 27-month record.

Underpinning the latest expansion in eurozone economic output was a second straight month of rising inflows of new business. Moreover, the rate of growth in new orders was the sharpest since June 2011.

Companies benefited from improved demand at home and abroad. Solid new business growth was registered at manufacturers and services providers, including a further increase in manufacturing new export orders.

The price front remained a mixed picture. Rising oil prices led to a further increase in average costs. The rate of inflation remained solid at service providers, while manufacturers saw purchase prices rise for the first time since January. In contrast, strong market competition led to a further reduction in average selling prices, despite the rate of decline easing to a 16-month low.

Markit Eurozone PMI and GDP



Source: Markit, Eurostat. GDP = gross domestic product

Nations ranked by all-sector output growth (Sep)*

Ireland	55.7	2-month low
Germany	53.2	2-month low
Italy	52.8	29-month high
France	50.5	20-month high
Spain	49.6	2-month low

Of the four largest nations, Germany reported the fastest output growth and an increase in employment for the second time in the past three months. Italy also reported a solid increase in business activity – the sharpest since April 2011 – and the slowest rate of job losses for two years.

France eked out a marginal expansion of output, following a one-and-a-half year sequence of contraction. The French labour market moved closer to stabilising as well, with only slight reductions in staffing levels signalled at manufacturers and service providers alike.

Spain was the main weak spot in September, as a fall back into contraction in service sector activity more than offset continued modest growth in manufacturing production. Although Spain's rate of job losses eased to a 28-month low, it remained the steepest among the big-four eurozone economies.

Services:

At 52.2 in September, up from 50.7 in August, the **Services Business Activity Index** rose to a 27-month high and came in above its earlier flash estimate of 52.1. Service sector output expanded for the second month running.

Growth hit a seven-month high in Germany, a 20-month record in France and a two-and-a-half year high in Italy. The expansions in France and Italy followed periods of sustained contraction. Spain fell back into decline, however, following a modest expansion in August, while growth in Ireland remained strong despite easing sharply over the month.

The outlook for the eurozone service sector remained positive on the whole, with new business growth at a 27-month record and business confidence rising to its highest level since March 2012. Companies were heartened by the ongoing signs of recovery in both the currency union and broader global economy.

The higher levels of output and new business, alongside the brightening outlook for the sector, were reflected in the labour market in September. Employment stabilised, halting a 20-month sequence of job losses. Ireland and Germany reported stronger increases to payroll numbers, while the rates of reduction in France, Italy and Spain all slowed.

The rate of inflation in average input prices eased to a three-month low in September. Higher costs were linked to increased fuel, oil and transportation prices. Although strong competition led to further selling price decreases, the pace of decline was the weakest since May 2012.

Comment:

Chris Williamson, Chief Economist at Markit said:

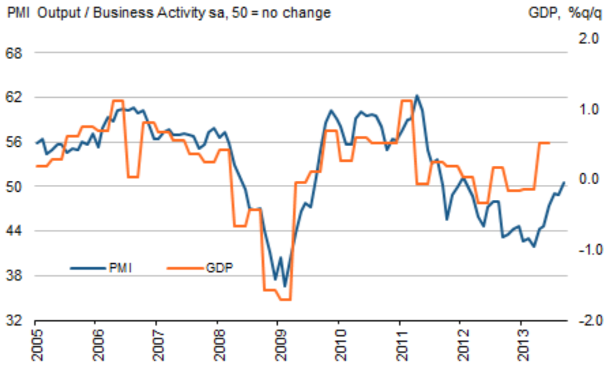
"The final PMI confirms the message from the earlier flash reading that the eurozone enjoyed its strongest quarter of expansion for just over two years in the third quarter. With the rate of expansion picking up in September, the survey bodes well for ongoing growth in the final quarter of the year.

"Growth is being led by Germany, but France has also now returned to growth. Even more encouraging are the upbeat survey data for Ireland and Italy, both of which show signs of returning to robust growth, and Spain has also stabilised, as ongoing weakness in the domestic economy is offset by a strong upturn in exports.

"The region is by no means out of the woods yet, however. Growth remains only modest – the Eurozone PMI is consistent with GDP rising by just 0.2% on the third quarter, and the political instability that has reared up in Italy is a reminder that there remains plenty of scope for recoveries to be derailed."

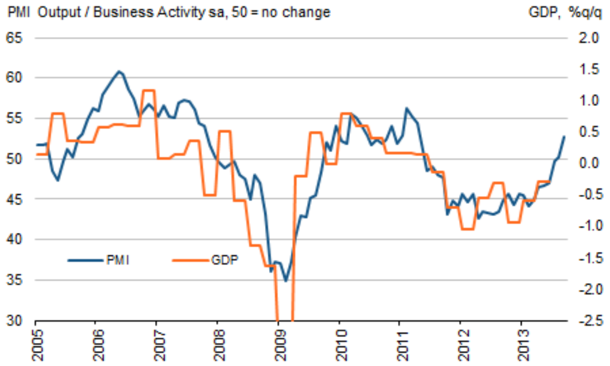
-Ends-

France



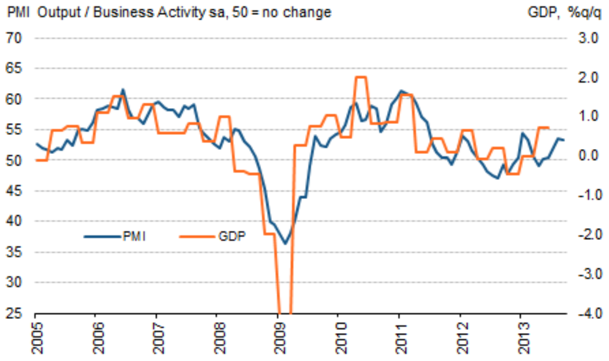
Source: Markit, INSEE GDP = gross domestic product

Italy



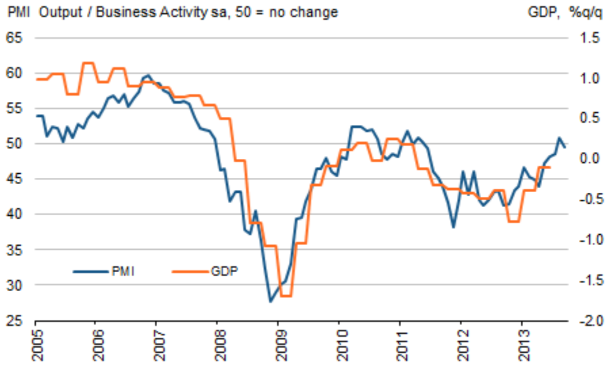
Source: Markit, ISTAT GDP = gross domestic product

Germany



Source: Markit, FSO. GDP = gross domestic product

Spain



Source: Markit, INE. GDP = gross domestic product

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Notes to Editors:

The Eurozone Composite *PMI*® (*Purchasing Managers' Index*®) is produced by Markit and is based on original survey data collected from a representative panel of around 5,000 manufacturing and services firms. 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 Eurozone Services *PMI* (*Purchasing Managers' Index*) is produced by Markit and is based on original survey data collected from a representative panel of around 2,000 private service sector firms. National data are included for Germany, France, Italy, Spain and the Republic of Ireland. These countries together account for an estimated 80% of Eurozone private sector services output.

The **final** Eurozone Composite *PMI* and Services *PMI* follows on from the **flash** estimate which is released a week earlier and is typically based on approximately 75%–85% of total *PMI* survey responses each month. The September composite flash was based on 85% of the replies used in the final data. The September services flash was based on 77% of the replies used in the final data. **Data were collected 12-25 September.**

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 *PMI*®	0.0	0.3
Eurozone Services Business Activity *PMI*	0.0	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.

About Markit
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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.