

News Release

Purchasing Managers' Index[®]
MARKET SENSITIVE INFORMATION
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Markit Flash Eurozone PMI[®]

Eurozone growth weakest since October 2009, led by sharp manufacturing slowdown. Input costs show smallest rise in eight months.

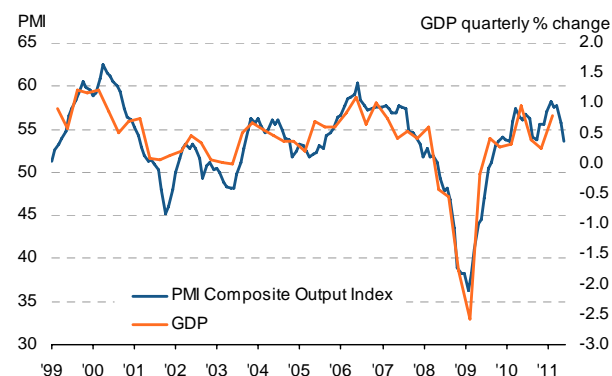
- Flash Eurozone PMI Composite Output Index⁽¹⁾ at 53.6 (55.8 in May). 20-month low.
- Flash Eurozone Services PMI Business Activity Index⁽²⁾ at 54.2 (56.0 in May). 6-month low.
- Flash Eurozone Manufacturing PMI⁽³⁾ at 52.0 (54.6 in May). 18-month low.
- Flash Eurozone Manufacturing PMI Output Index⁽⁴⁾ at 52.4 (55.2 in May). 21-month low.

Data collected 13–22 June.

The **Markit Flash Eurozone PMI[®] Composite Output Index**, based on around 85% of usual monthly replies, fell from 55.8 in May to a 20-month low of 53.6 in June.

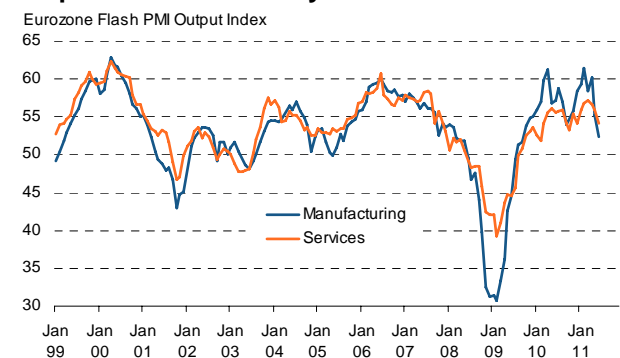
Output growth has slowed sharply since peaking in February, taking the average composite Output Index reading for the second quarter as a whole down to 55.7, which is lower than the average of 57.6 seen in the first quarter but still well above the average of 54.9 observed in the final quarter of last year.

Markit Eurozone PMI and GDP

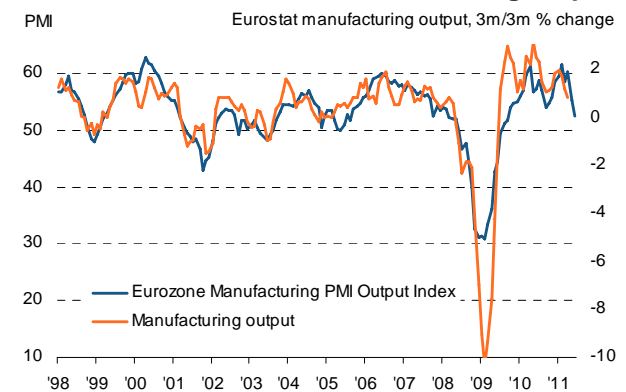


However, the loss of momentum during the second quarter has been marked, especially in **manufacturing**, where output growth slowed to the weakest since September 2009. A more modest easing in activity growth was seen in **services**, to the slowest since December. In contrast to the trend since the recession, the rate of manufacturing expansion has fallen increasingly below that of services since April.

Output/business activity



Markit Eurozone PMI and manufacturing output



New business rose at the weakest rate since November 2009, led by the first (albeit small) decline in manufacturing new orders since July 2009. New export orders for manufactured goods rose only modestly, posting the smallest increase since September 2009. Inflows of new business into the service sector meanwhile slowed for the second successive month, showing the weakest rise for seven months.

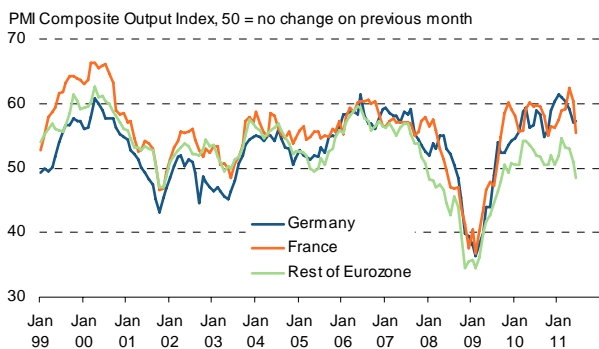
Other forward-looking indicators also turned down. The index measuring **expectations of service sector activity** in the coming year saw the joint-largest monthly fall since October 2008, taking confidence to the lowest since July 2009. Meanwhile, the **ratio of manufacturing new orders to inventories**, which acts as a guide to near-term output developments, fell to the lowest since April

2009.

The rate of expansion held up well in **Germany**, down sharply on the strong pace seen in the first quarter but up slightly compared with May. However, the composite figure disguised a further steep slowdown in manufacturing, which was offset by faster services expansion. In contrast, growth slowed in both sectors in **France**, taking the overall rate of expansion down to an eight-month low.

Elsewhere in the Eurozone, outside of France and Germany, output fell for the first time since November 2009. The rate of decline was the fastest since September 2009.

Core v. Periphery PMI Output Index



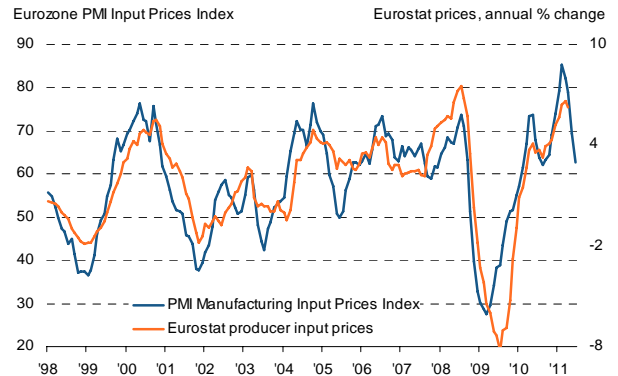
Employment rose at the weakest rate for five months, in part a reflection of slower growth of backlogs of work, which showed the smallest increase since October (with manufacturing posting a decline in backlogs for the first time since October 2009).

Job creation hit a seven-month low in manufacturing and a three-month low in services. Staffing levels rose in France and Germany, but fell across the rest of the region as a whole.

Having slipped to a four-month low in May, inflation of average **prices charged** for goods and services accelerated slightly in June, but the pace remained below the near record-high seen in April. Service sector charges rose at an increased rate whereas manufacturers' selling prices showed the smallest increase for six months.

The easing in output price inflation in manufacturing was driven by a further steep easing in **input price** inflation from the survey-record rate of increase seen in February. A ten-month low in the rate of manufacturing input price inflation was accompanied by a five-month low in the service sector. Measured across both sectors, input costs rose at the slowest rate since October, down sharply from March's peak.

Manufacturing input costs



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

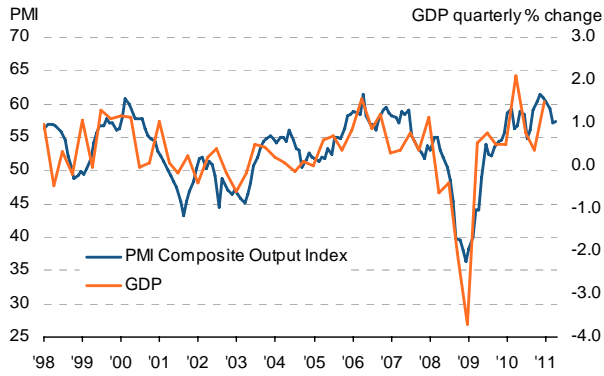
"The euro area's economic growth surge has lost momentum at a worrying rate in the past two months. While the average PMI reading for the second quarter as a whole suggests that the economy grew by around 0.6%, down from 0.8% in the first quarter, the reading for June was consistent with a quarterly growth run rate of just 0.4%. Manufacturing growth has slowed especially sharply, slipping close to stagnation in June.

"Even German manufacturing, the driving force of the region's recovery, has seen a marked deterioration in output and new orders growth – linked to a large extent to a severe weakening of export order book growth. Meanwhile, the euro area excluding France and Germany has fallen back into contraction for the first time since late-2009.

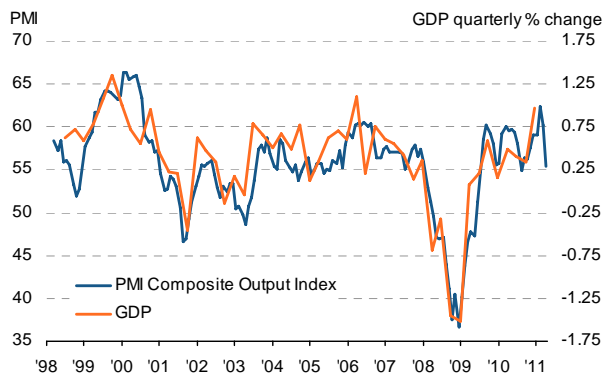
"Although prices charged for goods and services rose at an increased rate, input cost inflation slowed sharply, largely reflecting lower oil and other commodity prices. Lower costs should feed through to lower selling prices, and ultimately consumer price inflation, in coming months."

-Ends-

German PMI and GDP



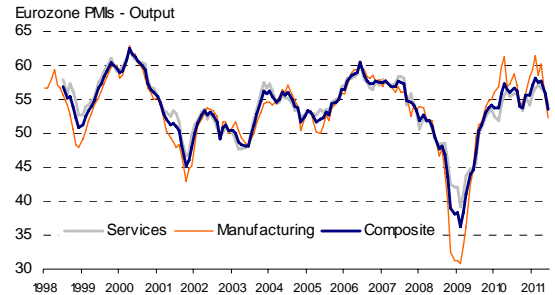
France PMI and GDP



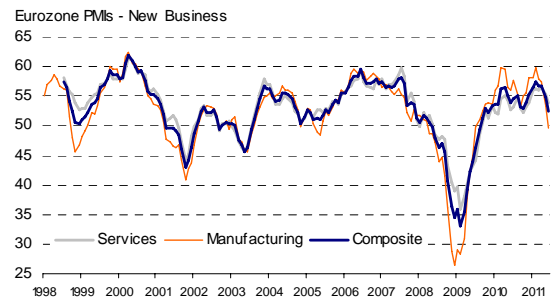
Summary of June data

Output	Composite	Growth was slowest since October 2009 (53.6 from 55.8 in May).
	Services	Growth slowed to weakest in six months (54.2 from 56.0 in May).
	Manufacturing	Pace of growth slowed to weakest in 21 months (52.4 from 55.2 in May).
New Orders	Composite	Pace of expansion at 19-month low.
	Services	Growth was weakest in seven months.
	Manufacturing	New orders fell for first time since July 2009.
Backlogs of Work	Composite	Rate of growth eased to marginal pace.
	Services	Slowest increase for seven months.
	Manufacturing	Backlogs fell for first time since October 2009.
Employment	Composite	Pace of job creation eased to five-month low.
	Services	Fourteenth consecutive month of growth. Rate of increase at three-month low.
	Manufacturing	Employment rose at weakest rate for seven months.
Input Prices	Composite	Input price inflation eased to eight-month low.
	Services	Pace of inflation slowed marginally to five-month low.
	Manufacturing	Input cost inflation slowed for fourth straight month, weakest in ten months.
Output Prices	Composite	Output price inflation strengthened slightly.
	Services	Charge inflation maintained for fifth straight month, strongest since April.
	Manufacturing	Weakest rise in charges for six months.
PMI⁽³⁾	Manufacturing	PMI at 18-month low of 52.0, down from 54.6 in May.

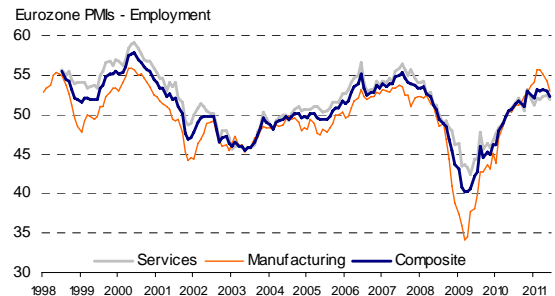
Output



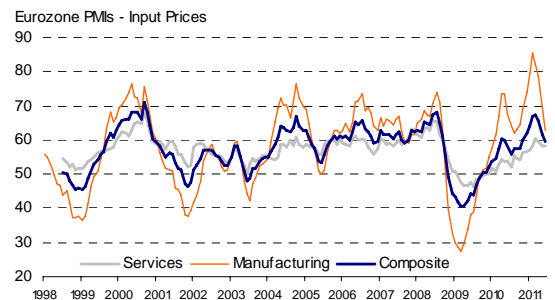
New business



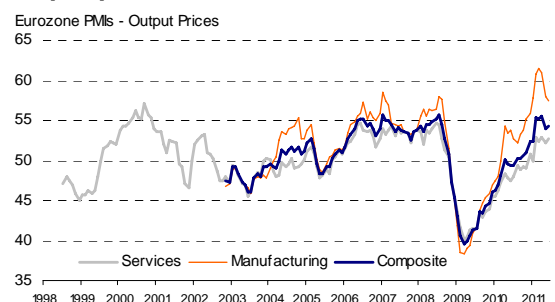
Employment



Input prices



Output prices



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Note to Editors:

Final June data are published on 1 July for manufacturing and 5 July 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 4,500 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

Markit is a leading, global financial information services company with over 2,000 employees. The company provides independent data, valuations and trade processing across all asset classes in order to enhance transparency, reduce risk and improve operational efficiency. Its client base includes the most significant institutional participants in the financial market place. For more information, see www.markit.com.

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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