

# News Release

**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time), 1 March 2011**

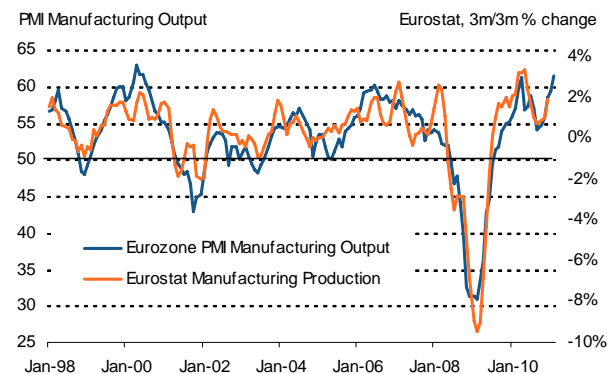
## Markit Eurozone Manufacturing PMI™ – final data

### Manufacturing PMI at near 11-year peak in February, but input costs rise at record rates in almost all nations

#### Key points:

- Final Manufacturing PMI unchanged from flash estimate of 59.0 in February.
- Growth still led by Germany, but renewed vigour also exhibited by ‘peripheral’ nations.
- Cost inflation hit record highs all nations expect Ireland and Greece.

#### Historical Overview:



#### Summary:

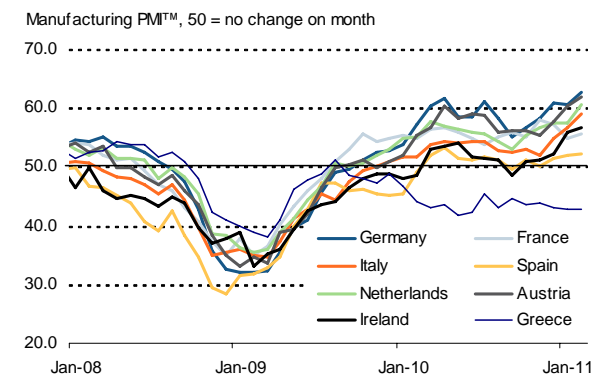
At 59.0 in February, the **Markit Final Eurozone Manufacturing PMI™** was unchanged from the earlier flash estimate, confirming the pace of growth as the fastest since June 2000. Inflationary pressures continued to build, however, as input costs and output prices both rose at series record rates.

PMIs rose in almost all of the countries covered by the survey. Growth was led by Germany, Austria and the Netherlands, with PMIs for these nations all hitting record highs. The French PMI rose slightly in February, although the rate of expansion was still below the highs seen at the end of last year. The ‘peripheral’ nations of Italy, Ireland and Spain exhibited improved vigour, driving growth outside of the big-two nations to its fastest since June 2006. In contrast, the Greek PMI was the only one to signal contraction.

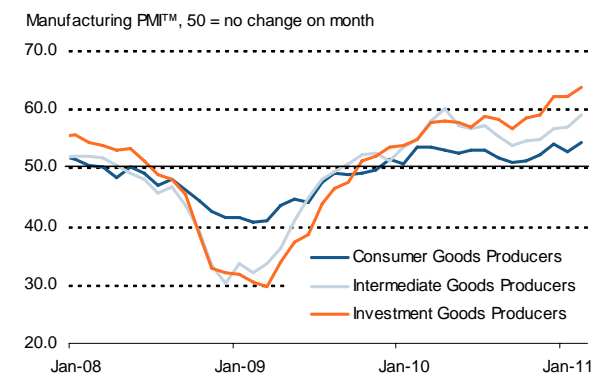
PMIs tracking trends in the Eurozone consumer, intermediate and investment goods sectors also

gained ground in February. Growth hit a fresh survey record at capital goods producers and reached a ten-month peak in the intermediate goods sector. The consumer goods sector remained a drag on growth, despite seeing its rate of expansion accelerate to a three-and-a-half year high.

#### PMIs rose in almost all nations in February...



#### ...and across all three broad sectors



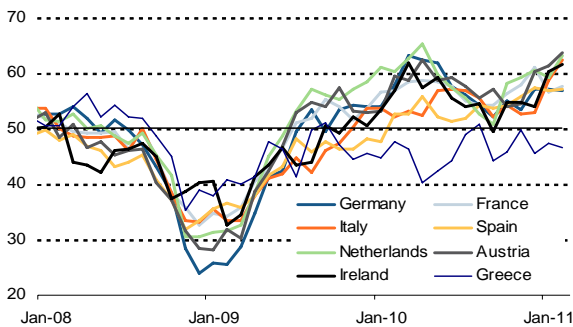
Manufacturing **production** rose at a near-survey record pace that was also the fastest since June 2000, while growth of **new orders** accelerated to the second-highest seen over the past ten-and-a-half years. Stronger domestic demand benefited some nations (particularly Germany), while growth of **new export business** hit a ten-month high and was again a key driver of total order book gains.

Growth of new exports hit series record highs in Italy and Austria, and the second-fastest pace in the

survey history in both the Netherlands and Ireland. France and Spain also saw slightly quicker rates of increase, while growth in Germany held broadly steady for the third month in a row. Only Greece reported a decline.

### Growth of new export business remained key driver of total new order inflows

PMI Manufacturing New Exports, 50 = no change on month



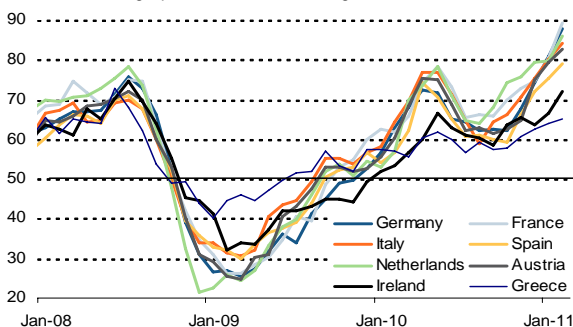
Inflationary pressures surged higher in February, with rates of increase in **output prices** and **input costs** both hitting series record peaks. Producer output prices rose at (or near to) survey record highs in France, Italy, the Netherlands, Austria, Germany and Ireland. Spain and Greece saw the slowest increases, reflecting ongoing weakness in domestic demand across these nations.

Input price inflation climbed to record rates in Germany, France, Italy, Spain, the Netherlands and Austria, reached a near-survey peak in Ireland and the fastest since July 2008 in Greece. Record rates of increase were seen in the Eurozone consumer, intermediate and investment goods sectors, with the inflation seen at capital goods producers especially severe.

Higher purchasing costs reflected increases in prices for chemicals, energy, food products, oil, metals and textiles. Part of the rise reflected supply-chain constraints, such as raw material shortages and low supplier stock holdings.

### Cost inflation accelerated in all nations and hit survey record rates in the vast majority

PMI Manufacturing Input Prices, 50 = no change on month

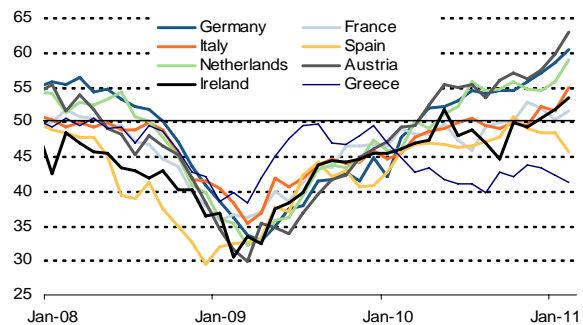


### Employment increased at a near-survey record rate

that was the sharpest since June 2000. Job creation was led by survey record high growth in Germany, Austria and the Netherlands. Rates of increase also improved in almost all of the other nations. The sole exceptions were Greece and Spain, which both saw further job losses.

### Job creation led by Germany, Austria and the Netherlands. Job losses in Greece and Spain.

PMI Manufacturing Employment, 50 = no change on month



### Comment:

**Chris Williamson, Chief Economist at Markit** said:

*“The final Eurozone manufacturing PMI confirmed the buoyancy of the earlier flash estimate for February, signalling the fastest growth for nearly 11 years. These latest data also suggest that, having slowed late last year, manufacturing production growth has revived to a pace even stronger than the 3.3% quarterly rate seen at the peak last May.*

*“Especially encouraging is the indication that growth is picking up in the region’s periphery, led by rising exports. However, domestic demand in austerity-focused countries such as Spain and Ireland remains subdued, and continues to drive a wedge between the overall rate of economic expansion in the periphery relative to Germany and France.*

*“Faster output growth is also generating more jobs at a near-record rate for the survey, but a less welcome by-product is greater price pressures. Steep increases in raw material prices may deter firms from recruiting, or drive selling prices even higher in order to protect margins. The recent uptick in oil prices will only add to firms’ cost pressures.*

*“With growth divergences between the core and the periphery having narrowed, and price pressures mounting, the data add to pressure for the European Central Bank to raise interest rates.”*

-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 February 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](mailto:economics@markit.com).

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**About PMIs**

Now available for 26 countries and key regions including the Eurozone and BRIC, Purchasing Managers' Indexes™ (PMIs™) 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](http://www.markit.com/economics).

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