

# News Release

**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time) 4 May 2011**

## Markit Eurozone Composite PMI™ – final data

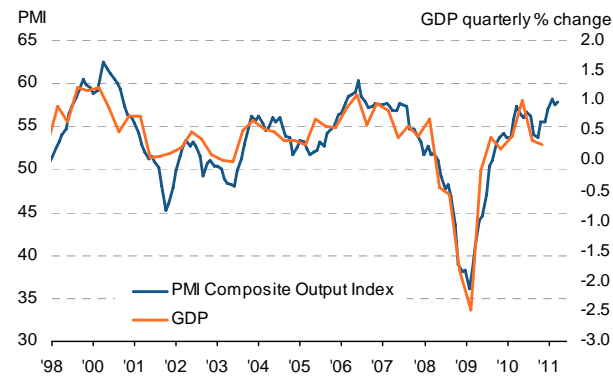
### Eurozone starts second quarter on solid footing

#### Key points:

- Faster growth in France drives final Eurozone Composite Output Index to 57.8 in April, unchanged on flash and up from 57.6 in March.
- Prices charged rise at fastest rate since July 2008, though input price inflation eases.
- Employment growth fails to improve as job creation remains dependent on Germany and France.

The **Final Eurozone Composite Output Index** registered 57.8 in April, in line with the flash estimate and up slightly from 57.6 in March. Although the index remained below February's four-and-a-half year high of 58.2, the April reading has been exceeded only once since July 2006.

#### Economic growth



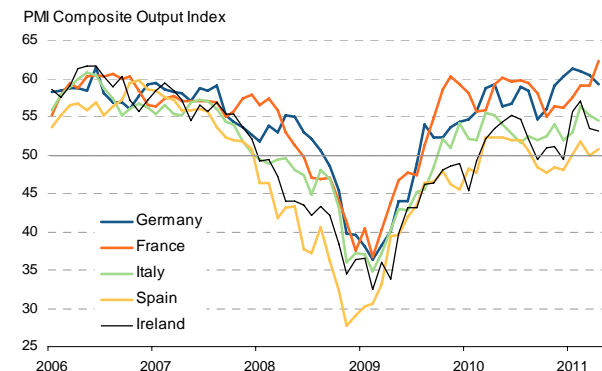
Manufacturing again led the upturn, with output growth accelerating to a slightly greater extent than indicated by the flash estimate and showing one of the strongest monthly expansions seen over the survey history. The service sector saw a weaker rate of increase than in March (and below the flash estimate), but nevertheless saw activity rise at a marginally faster rate than the strong pace seen on average in the first quarter.

Growth of **new business** was fractionally greater than the flash estimate, signalling a slight improvement on the pace seen in March. A slower rate of increase in manufacturing was more than offset by faster growth of demand for services.

#### Two-speed euro area

By country, output growth surged to a ten-and-a-half year peak in France – fuelled in particular by a rapidly expanding service sector – to overtake Germany as the fastest growing euro area country. In contrast, growth slowed in Germany, hitting a five-month low, but nevertheless remained elevated by the historical standards of the survey.

#### Output by country



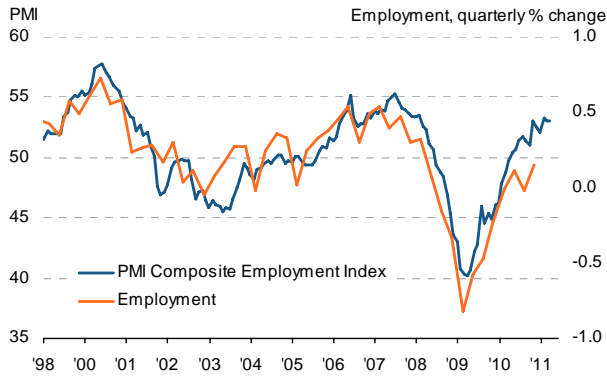
Outside of the two largest euro member countries, the survey showed signs of slowing, or only modest, growth rates. Expansions were the weakest for three and four months respectively in Italy and Ireland, for example, as moribund service sectors offset strong, mainly export-led, manufacturing performances. Spain fared even worse, showing only a near-stagnation of activity. Moreover, while both Germany and France saw faster increases in new business during April, inflows of new work fell in Spain and only modest growth was seen in both Italy and Ireland, as weak domestic demand in the region's 'periphery' counteracted robust growth of exports (only Greece saw exports fall in April).

#### Job creation remains strong but fails to pick up

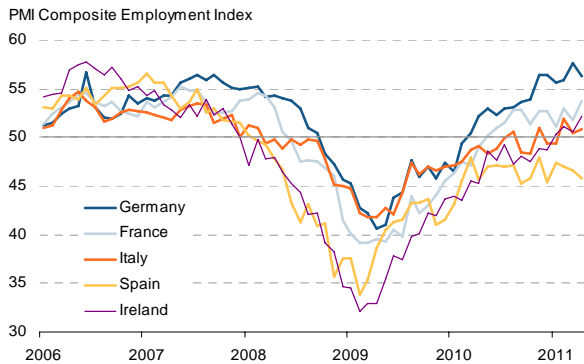
**Employment** rose for the twelfth month in a row, with another near-record increase seen in manufacturing and a modest rise in service sector staffing. The overall rate of growth remained strong by the historical standards of the survey but failed to accelerate, as job creation slowed in Germany

(albeit merely from a record rate in March) and ongoing job losses were seen in Spain. In contrast, employment growth hit a three-year high in France and a three-and-a-half year peak in Ireland.

### Employment



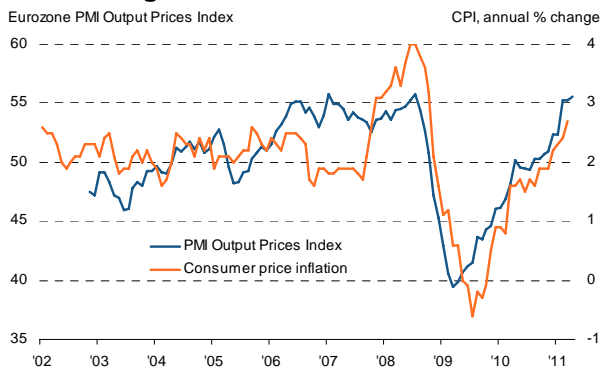
### Employment by country



### Prices charged rise at fastest rate since mid-2008, led by record rise in France

Average prices charged for goods and services rose at the fastest rate since July 2008 (but fractionally less than the flash estimate), increasing for the ninth consecutive month. Manufacturers' selling prices rose by just less than March's record increase, while charges for services showed the largest rise since July 2008.

### Prices charged and inflation



France and Germany saw by far the strongest rates of increase for prices charged, with the rate hitting a record high in France, as strong domestic demand enhanced companies' pricing power. By comparison, charges fell in both Spain and Ireland.

Average **input cost** inflation slowed compared to March's post-crisis high, cooling in both manufacturing and services. The rate of increase nonetheless remained elevated, as high commodity prices (especially oil) continued to drive up costs across a range of industries. The steepest rise was seen in Germany, followed closely by France.

### Comment:

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

*"The Eurozone PMI suggests that the region started the second quarter of 2011 on a solid footing, with the rate of expansion similar to the robust quarterly pace of 0.8% that we expect to see for the first quarter. This would represent the best start to a year so far since 2006. However, the worrying two-speed nature of the upturn shows no signs of fading, with soaring growth in France and Germany failing to spill over to stimulate similar buoyancy in the periphery. Spain in particular has practically stagnated in recent months, and growth slowed in both Italy and Ireland in April."*

*"Prices charged for goods and services meanwhile rose at the fastest rate since mid-2008, primarily due to the pass-through of higher commodity prices. These inflationary pressures are most evident in France and Germany, where domestic demand is the strongest. A slight dip in the rate of input cost inflation will do little to steady nerves among hawkish policymakers, as the pace remained very elevated by the historical standards of the survey."*

-Ends-

**For further information, please contact:**

**Markit**

Chris Williamson, Chief Economist  
 Telephone +44-20-7260-2329  
 Mobile +44-779-5555-061  
 Email [chris.williamson@markit.com](mailto:chris.williamson@markit.com)

Rob Dobson, Senior Economist  
 Telephone +44-1491-461-095  
 Mobile +44-7826-913-863  
 Email [rob.dobson@markit.com](mailto:rob.dobson@markit.com)

Caroline Lumley, Director, Corporate Communications  
 Telephone +44-20-7260-2047  
 Mobile +44-781-5812-162  
 Email [caroline.lumley@markit.com](mailto:caroline.lumley@markit.com)

**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 4,500 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 final Eurozone Composite 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 April flash was based on 80% 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 Composite Output 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 subsequently revised data are available to subscribers from Markit. Please contact [economics@markit.com](mailto:economics@markit.com).

**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 marketplace. For more information, see [www.markit.com](http://www.markit.com).

**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).

The intellectual property rights to the Eurozone Composite PMI provided herein is owned by Markit Group. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit, PMI and Purchasing Managers' Index are all trademarks owned by The Markit Group.