

# News Release

**Purchasing Managers' Index®**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 0900 (UK Time) 23 November 2011**

## Markit Flash Eurozone PMI®

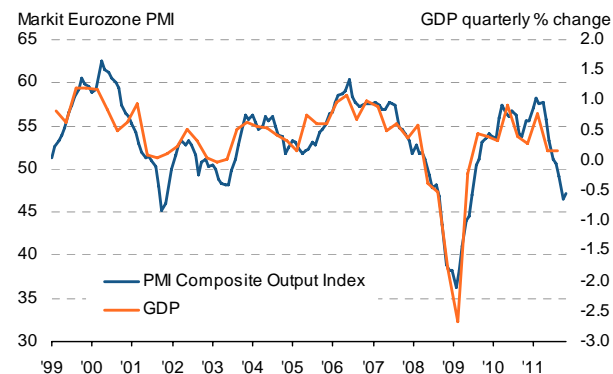
### Eurozone contracts for third month running in November

- Flash Eurozone PMI Composite Output Index<sup>(1)</sup> at 47.2 (46.5 in October). Third monthly decline.
- Flash Eurozone Services PMI Activity Index<sup>(2)</sup> at 47.8 (46.4 in October). Third monthly decline.
- Flash Eurozone Manufacturing PMI<sup>(3)</sup> at 46.4 (47.1 in October). Lowest since July 2009.
- Flash Eurozone Manufacturing PMI Output Index<sup>(4)</sup> at 45.8 (46.6 in October). Fourth monthly decline, lowest reading since June 2009.

Data collected 11–22 November.

The **Markit Flash Eurozone PMI® Composite Output Index**, based on around 85% of usual monthly replies, rose from 46.5 in October to 47.2 in November. Although signalling a slight weakening in the rate of contraction, the latest reading signalled a downturn in private sector business activity for the third successive month.

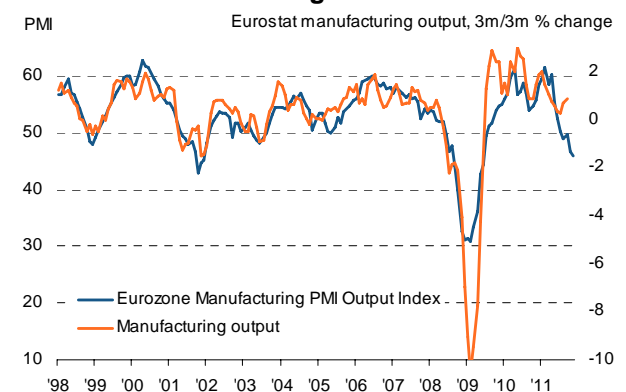
#### Markit (Flash) Eurozone PMI and GDP



Sources: Markit, Eurostat.

Manufacturing output fell for the fourth month running, with the rate of decline accelerating to the fastest since June 2009. Services activity fell for the third month, though the rate of decline eased slightly compared with October.

#### Eurozone Manufacturing

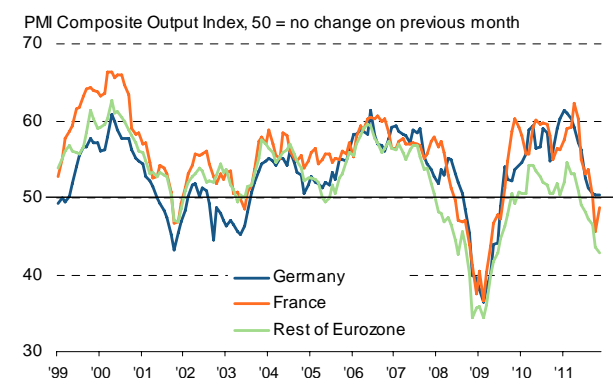


Sources: Markit, Eurostat.

German output growth remained close to stagnation, while France saw output fall for the second month running (albeit at a slower rate than in October). Both countries saw manufacturing downturns gather momentum, but service sector activity rose at a slightly stronger rate in Germany while, in France, the pace of services contraction moderated.

Outside of France and Germany, activity showed the largest monthly decline since June 2009. Moreover, both services and manufacturing registered faster rates of contraction.

#### Core v. Periphery PMI Output Index



Source: Markit.

**New orders** for goods and services fell across the region for the fourth consecutive month, with the rate of decline easing compared with October but

still the second-steepest since June 2009. Manufacturers led the decline, seeing new orders fall for the sixth straight month, and at the fastest rate since May 2009. Both domestic and export demand for goods fell sharply. In contrast, service providers saw a weaker decline in new business compared with October, but the fall was nevertheless the third in a row and in sharp contrast to the strong growth seen earlier in the year.

The combination of weakening demand and uncertainty caused by the region's debt crisis, drove **confidence** among service providers down to its lowest since March 2009. Confidence is currently running at levels unprecedented in the history of the survey, prior to the financial crisis of 2008.

Worries about future demand were also reflected in an overall stagnation of **employment**. November was the first month in which companies have not taken on more staff since April of last year. Staffing levels were unchanged in both manufacturing and services.

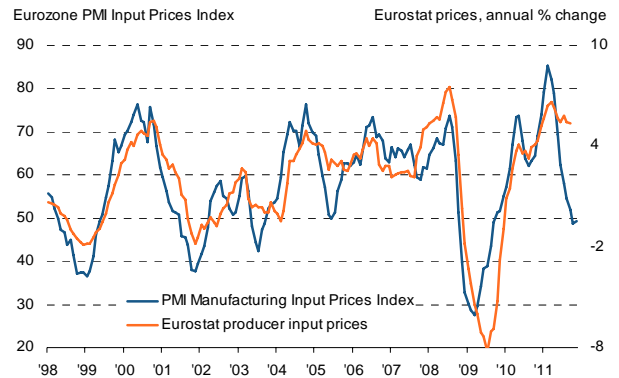
**Backlogs of orders** meanwhile fell for the fifth successive month, dropping at a similar rate to the 27-month record seen in October. Marked declines were seen in both manufacturing and services, suggesting that increasing numbers of companies may seek to cut headcounts in coming months unless demand revives.

A scaling-back of production was likewise signalled by the amount of goods purchased by manufacturers falling at the fastest rate since June 2009, helping producers to draw down their **inventory** levels. Stocks of inputs fell for the fourth straight month as a result.

**Input costs** rose at a rate only slightly above that seen in October, which had been the smallest increase since December 2009. The rate of inflation has come down sharply from the near-record pace seen earlier in the year, led by falling manufacturing prices – which declined for the second month in a row in November. Service sector input costs rose at a slightly faster rate than in October, but still well below the pace seen earlier in the year.

Finally, **prices charged** rose for the first time in three months. However, average prices levied both for goods and for services were only marginally higher than in October, reflecting widespread price competition as companies sought to boost sales.

## Manufacturing input costs



Sources: Markit, Eurostat.

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

*“While the improvement in the flash Eurozone PMI indicates that the rate of contraction eased in November, it is unlikely that the region is over the worst. The higher PMI reading reflected a slower fall in services activity, but that sector also saw confidence about the year ahead slide to its weakest since March 2009. Companies are clearly shaken by the debt crisis and its growing impact on the real economy, both in Europe and further afield.*

*“Meanwhile, manufacturers reported the steepest fall in new orders since May 2009, with domestic and export sales both declining at sharper rates. It therefore looks highly likely that business activity could weaken across the board again in coming months.*

*“Companies’ concerns about the future were reflected in a stagnation of employment. Any further drop in new orders in December could mean staffing levels will begin falling again.*

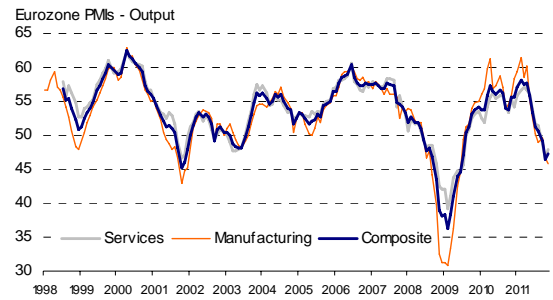
*“Overall, the survey data suggest that the Eurozone is contracting at a quarterly rate of approximately 0.6% in the fourth quarter. As feared earlier in the year, malaise has spread from the periphery to the core. Even Germany is stagnating and France contracting by around 0.5%.”*

-Ends-

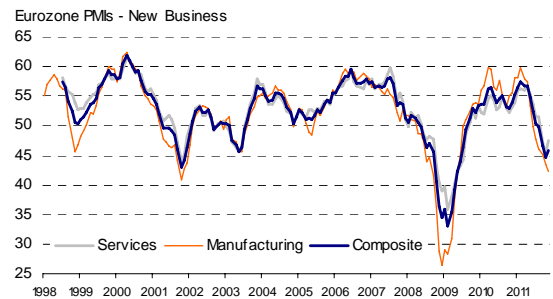
## Summary of November data

<b>Output</b>	<b>Composite</b>	<b>Output fell for third month running (47.2).</b>
	Services	Activity contracted for third month running.
	Manufacturing	Output fell for fourth month running, at faster pace.
<b>New Orders</b>	<b>Composite</b>	<b>New business fell for fourth month running, but at slower rate.</b>
	Services	New business contracted for third month running.
	Manufacturing	New orders fell for sixth month running – steepest decline since May 2009.
<b>Backlogs of Work</b>	<b>Composite</b>	<b>Outstanding business fell for fifth month running.</b>
	Services	Fifth successive monthly decline.
	Manufacturing	Backlogs fell for sixth month running.
<b>Employment</b>	<b>Composite</b>	<b>No change in employment.</b>
	Services	No change in staffing.
	Manufacturing	Employment unchanged since October.
<b>Input Prices</b>	<b>Composite</b>	<b>Input price inflation accelerated slightly, but remained weak.</b>
	Services	Pace of inflation rose slightly.
	Manufacturing	Input prices fell for second month running.
<b>Output Prices</b>	<b>Composite</b>	<b>Output prices up marginally for first time in three months.</b>
	Services	Charges up slightly for first time since August.
	Manufacturing	Charges rose only marginally.
<b>PMI<sup>(3)</sup></b>	Manufacturing	PMI remained below 50.0 for fourth month running (46.4, from 47.1).

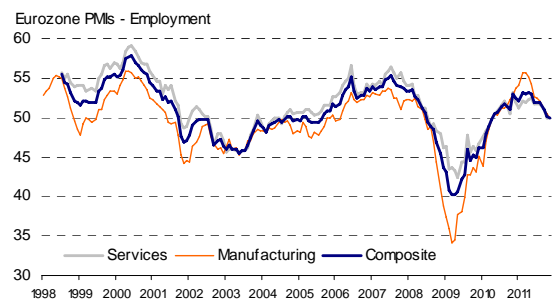
## Output



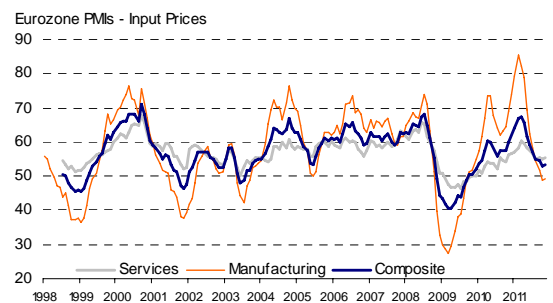
## New business



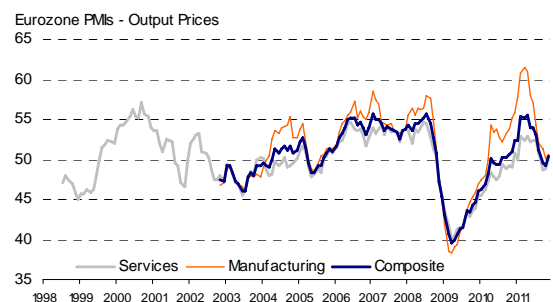
## Employment



## Input prices



## Output prices



Source: Markit.

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**Note to Editors:**

Final November data are published on 1 December for manufacturing and 5 December for services and composite indicators.

The Eurozone *PMI*<sup>®</sup> (*Purchasing Managers' Index*<sup>®</sup>) 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 <sup>1</sup>	0.0	0.2
Eurozone Manufacturing <i>PMI</i> <sup>3</sup>	0.0	0.2
Eurozone Services Business Activity Index <sup>2</sup>	0.1	0.3

The *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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*<sup>®</sup> 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).

**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 2,300 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 <http://www.markit.com/en/>.

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Now available for 32 countries and key regions including the Eurozone, *Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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