News Release

**Purchasing Managers' Index®**
**MARKET SENSITIVE INFORMATION**
**EMBARGOED UNTIL: 09:00 (UK Time), 2 November 2011**

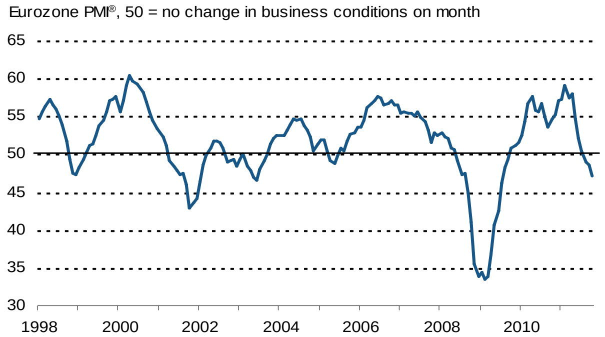
# Markit Eurozone Manufacturing PMI® – final data

## Eurozone manufacturing downturn accelerates in October

### Data collected 12–24 October.

- Final Manufacturing PMI at 47.1 in October, below flash estimate of 47.3
- PMIs signal contraction in all nations but Ireland
- Jobs growth weakens, with only Germany, France and Austria seeing employment rise

**Manufacturing PMI®** (overall business conditions)




### Manufacturing PMI at 27-month low

Conditions in the Eurozone manufacturing sector continued to weaken in October. At 47.1, down from 48.5 in September, the final **Markit Eurozone Manufacturing PMI®** fell to its lowest level since July 2009 and below the flash estimate of 47.3. The PMI has remained below the neutral mark of 50.0 for three months. Signs of weakness are becoming increasingly apparent in the core nations, while the periphery remains mired in recession.

German manufacturing, one of the main drivers of the earlier Eurozone recovery, saw its PMI indicate contraction for the first time since September 2009. Rates of decline were the fastest for 27 months in both Austria and the Netherlands, while France signalled deterioration for the third month in a row. Rates of contraction accelerated sharply in Greece and Italy, with the performance of Italy deteriorating significantly compared with the previous month. In contrast, Ireland's PMI nudged back above the 50.0 mark for the first time since May.

**Countries ranked by Manufacturing PMI® (Oct)**

| | | |
|---|---|---|
| Ireland | 50.1 | 5-month high |
| Germany | 49.1 | 27-month low |
| France | 48.5 | 2-month high |
| Austria | 48.0 | 27-month low |
| Netherlands | 48.0 | 27-month low |
| Spain | 43.9 | 2-month high |
| Italy | 43.3 | 28-month low |
| Greece | 40.5 | 31-month low |

### Downturn in production accelerates

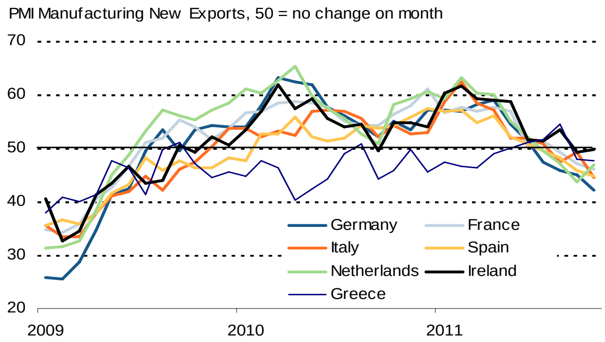
Eurozone manufacturing output, new orders and new export orders all contracted at the fastest rates in almost two-and-a-half years during October. Moreover, in all three cases, the pace of reduction was sharper than the earlier flash estimate.

Ireland was the only nation to report expansions in output and new orders in October. Rates of contraction in production accelerated sharply in Greece and Italy, with the Italian output index suffering its sharpest month-on-month decline in the series history. France and Austria reported modest reductions in production, and slower rates of decline than in September. Marginal contractions were signalled in Germany (for the first time since June 2009) and the Netherlands.

New orders declined at Eurozone manufacturers for the fifth month running, and at the fastest pace since May 2009. The sharpest reductions were seen in Greece, Italy and Spain. Weak domestic market conditions and the deteriorating global economic backdrop were the main factors underlying reduced new order inflows.

New export business fell at the quickest pace since June 2009. All of the nations covered by the survey saw new export orders decline, with rates of contraction accelerating in every country except Ireland and the Netherlands. Worryingly, Germany reported the sharpest reduction, as new export orders fell to the greatest extent since mid-2009.

**Manufacturing new exports by country**



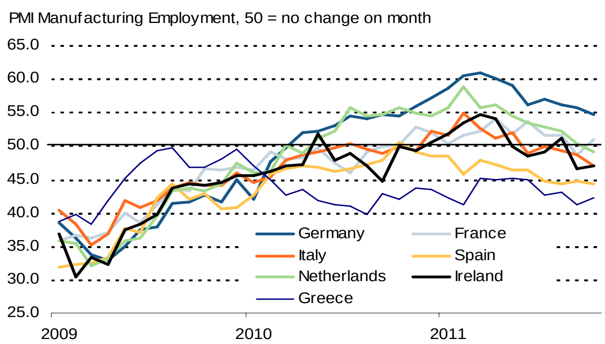

The outlook for the sector also remained on the downside in October, as the cyclically sensitive new orders-to-inventories ratio fell to it lowest level since March 2009.

## Job creation at 16-month low

Jobs growth was recorded for the eighteenth month running in October. The rate of increase was the weakest since June 2010. Separately, backlogs of work fell at the sharpest pace for 28 months, suggesting that spare capacity in the sector remained.

Job creation was largely centred on Germany, despite the rate of increase there dipping to a 12-month low. France and Austria reported modest increases, following reductions in September. The Netherlands saw a decrease for the first time since April last year, while further cuts were implemented in the other nations covered.

**Manufacturing employment by country**

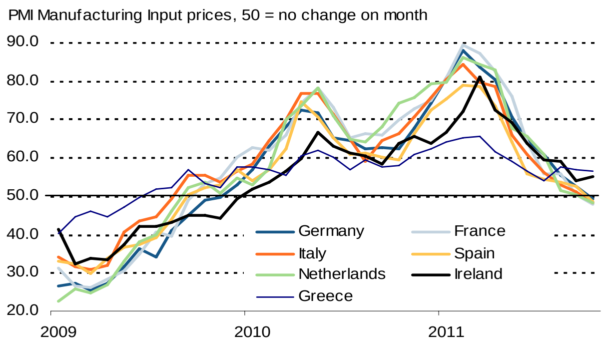



## Price pressures continue to ease

October data pointed to the first decline in input prices in just over two years. Companies linked lower costs to recent falls in the price of several commodities on international markets. Almost all of the nations covered by the survey reported lower purchase prices, the exceptions being Greece and Ireland. This represented a marked turnaround both from last month, when higher costs were seen in all countries, and the record rates of increase seen at the beginning of the year.

With cost pressures easing and new order inflows declining, companies held average output prices constant. This is the first time in 19 months that output charges have failed to rise. By country, only France and Germany reported increases.

**Manufacturing input prices by country**




## Comment:

**Rob Dobson, Senior Economist at Markit** said:

*"The latest manufacturing PMI further emphasises the marked reversal of fortunes for a sector that was the leading light of the economic recovery. Output, new orders and new export orders all suffered their fastest declines since mid-2009, against a backdrop of weak domestic market conditions, the ongoing debt crisis and a darkening outlook for the global economy.*

*"Signs of weakness are also becoming more prominent not just in the periphery but also the core, with the German PMI joining all of the other nations except Ireland in contraction territory.*

*"The only possible bright spot was an easing in inflationary pressures. Input costs fell for the first time in two years, allowing manufacturers to hold fire on further selling price increases at a time of strong competition and falling new order inflows."*

-Ends-

## For further information, please contact:

Chris Williamson, Chief Economist
Telephone +44-20-7260-2329
Mobile +44-779-5555-061
Email chris.williamson@markit.com

Rob Dobson, Senior Economist
Telephone +44-1491-461-095
Mobile +44-7826-913-863
Email rob.dobson@markit.com

Rachel Harling, Associate, Corporate Communications
Telephone +44-207-064-6283
Mobile +44-78-2789-1072
Email rachel.harling@markit.com

## 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 October flash was based on 94% 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.

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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.