News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Eurozone Composite PMI® – final data

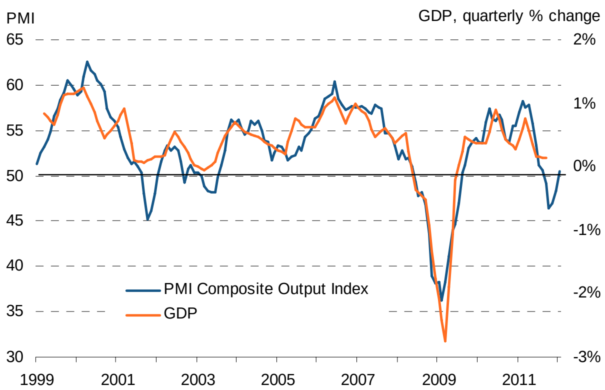
Eurozone economy stabilises in January, with growth seen in Germany and France and slower declines in Spain and Italy

Data collected 12-26 January.

Key points:

- Final Markit Eurozone Composite Output Index at 50.4 in January, unchanged from earlier flash
- Growth registered in Germany and France while downturns ease in Italy and Spain
- Demand remains weak, leading to first cut in employment since spring 2010

Markit Eurozone PMI and GDP



Sources: Markit, Eurostat. GDP = gross domestic product.

Business activity in the Eurozone private economy was broadly unchanged in January, though a marginal increase in activity represents an improvement on the contractions seen at the end of last year. Output stabilised in both the manufacturing and service sectors, ending five- and four-month periods of contraction respectively.

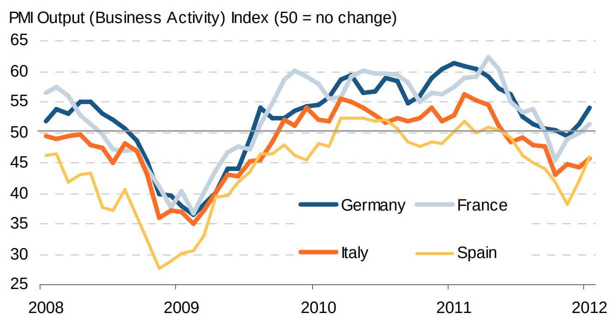
The final **Markit Eurozone *PMI*® Composite Output Index** posted 50.4 in January, up from 48.3 in December and above the no-change mark of 50.0 for the first time in five months. The latest reading was unchanged from the earlier flash estimate.

National variations remained marked, with growth hitting a seven-month high in Germany and a five-month high in France, while ongoing downturns were seen in Italy, Spain and Ireland. However, the rates of decline eased in Spain and Italy.

Nations ranked by output (January)

Germany	53.9	7-month high
France	51.2	5-month high
Ireland	47.9	24-month low
Spain	46.0	6-month high
Italy	45.7	4-month high

Output indices by nation



Source: Markit

Incoming new work fell for the sixth month running, but to a slightly lesser extent than signalled by the earlier flash estimate. The resulting fall in demand signalled was the smallest for five months, the rate of decline having now eased for three successive months. New orders fell at slower rates in both manufacturing and services, with service providers reporting the weaker rate of contraction.

The further drop in inflows of new business, albeit at a reduced rate, meant companies again relied on backlogs of existing orders to sustain current activity levels. Outstanding business consequently fell for the seventh successive month, though the

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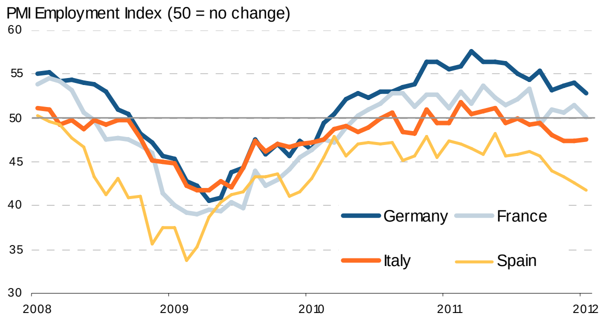
overall rate of depletion was the weakest since last August as smaller declines were recorded in both manufacturing and services.

January saw employment decline for the first time since April 2010, as companies sought to cut costs in the face of still weak demand. Payroll numbers were broadly unchanged at manufacturers for the third month running, while marginal job losses were reported by service providers – the first fall since April 2010.

Germany reported an increase in employment, although the rate of jobs growth was the slowest since mid-2010. Staffing levels were meanwhile largely unchanged in France, whereas further cuts were seen in Italy, Spain and Ireland. The rate of reduction in Spain was especially marked, with the pace of job losses the steepest for over two years.

Employment indices by nation

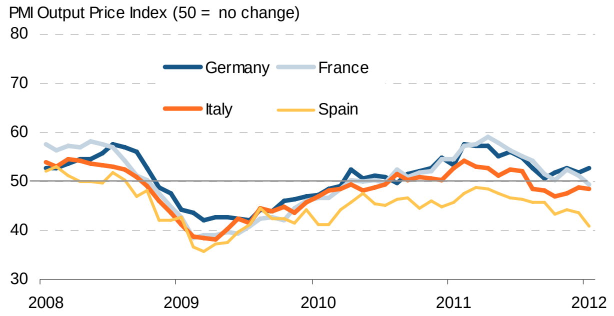


Source: Markit

Input costs rose at the fastest rate for six months. Service providers reported further marked cost increases and manufacturers' input prices rose for the first time since last September. The rates of increase at both manufacturers and service providers were nonetheless much less severe than witnessed at the start of last year.

Meanwhile, strong competition and weak demand caused firms to lower their average prices charged, with Germany the only nation to report an increase in selling prices. France reported a slight reduction in charges levied for the first time since July 2010.

Output price indices by nation



Source: Markit

Comment:

Chris Williamson, Chief Economist at Markit said: *"The final Eurozone PMI data confirm the message from the earlier flash reading, indicating that business conditions stabilised following declines seen in the final four months of last year and that the region may avoid a slide back into recession.*

"The headline index, which measures output across both manufacturing and services, has now risen for three straight months, and the reduced rate of decline of new orders suggests that a more definitive return to growth is possible in February.

"For the first quarter, gross domestic product for the region may well show a small gain, helping offset the 0.6% decline indicated by the PMI in the final quarter of last year.

"It is encouraging to not only see signs that the Germany economy has sprung back into life, but also that the rate of decline in the periphery has started to ease quite substantially.

"Anecdotal evidence from survey respondents indicates that much of the improvement appears to be based on business and consumer confidence reviving, in the belief that the worst of the region's debt problems are behind us and that a new credit squeeze may be averted. As such, the outlook remains very much dependent upon further progress in resolving the crisis."

-Ends-

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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 January flash was based on 85% 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.

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