News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:00 (UK Time), 2 January 2012

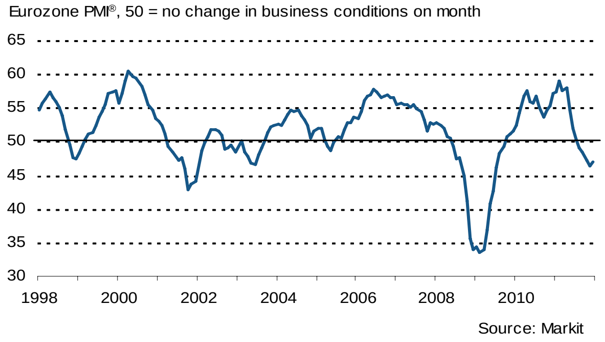
Markit Eurozone Manufacturing PMI® – final data

Manufacturing growth in Q4 2011 weakest since mid-2009

Data collected 5–15 December.

- Final Manufacturing PMI at 46.9 in December
- Levels of production and new orders fall across all nations for second month running
- Subdued price and supply-chain pressures

Manufacturing PMI® (overall business conditions)



The downturn in the Eurozone manufacturing sector extended into a fifth successive month in December, as companies faced declining order inflows, a slowing global economy and ongoing financial market turbulence.

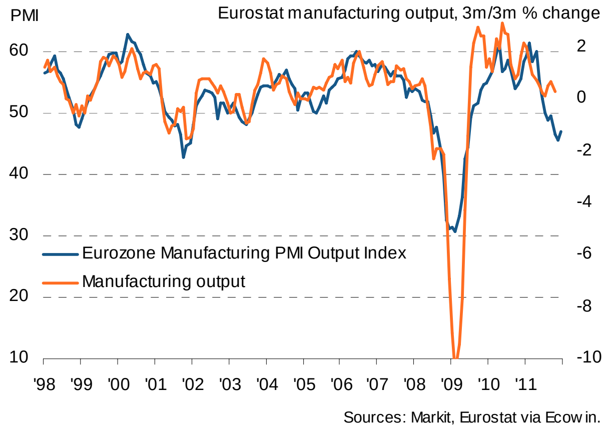
At 46.9 in December, unchanged from the earlier flash estimate, the **Markit Eurozone Manufacturing PMI®** was up marginally from November's 28-month low of 46.4 to signal a slight easing in the overall rate of contraction. The average PMI reading in Q4 2011 was nevertheless the weakest since the second quarter of 2009.

Countries ranked by Manufacturing PMI® (Dec.)

Austria	49.0	4-month high
France	48.9	4-month high
Germany	48.4	2-month high
Netherlands	46.2	2-month high
Italy	44.3	3-month high
Spain	43.7	3-month low
Greece	42.0	3-month high

Production declined for the fifth successive month. The fall was less sharp than the 29-month record seen in November, though it remained steep compared with previous downturns prior to the financial crisis. Output and new business fell across the consumer, investment and intermediate goods sectors, with the latter reporting the strongest declines in both cases.

Manufacturing output



For the second consecutive month, all of the nations covered by the survey reported lower levels of output. Rates of contraction for production eased across all of the nations covered, although marked disparities persisted. Germany, France, the Netherlands and Austria all saw only mild falls, while marked contractions were seen in Italy, Spain and Greece.

The fall in production at euro area manufacturers reflected a seventh successive monthly decline in new orders received, which in turn reflected a combination of lower demand in domestic markets and reduced international trade. The rates of decline in both total new orders and new export orders were less marked than in November but remained severe, with the last three months seeing the greatest decline in demand for manufactured goods since the second quarter of 2009.

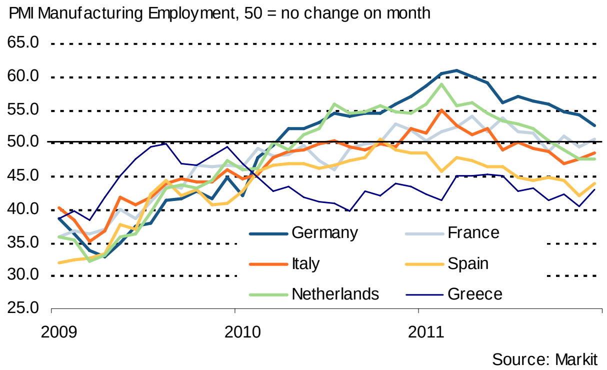
In all countries covered, the contractions in both new orders and new export orders were steep by the historical standards of the survey. Greece, Italy and Spain saw the steepest overall falls in new orders.

Job cuts continue as firms cut capacity

New orders fell at steeper rates than output in all countries, as goods producers cut their backlogs of existing orders. Outstanding work fell for the seventh month running, dropping at the same rate as in the previous two months. The final quarter saw the fastest depletion of order book backlogs for two-and-a-half years. All countries saw sharp falls in backlogs except France, where only a marginal decline was reported.

Manufacturers remained cost-cautious and worried about over-capacity as a result of the ongoing downturn in new orders, causing employment to fall slightly for the second straight month. Increases in headcounts in Germany, France and Austria were offset by job cuts elsewhere.

Manufacturing employment by country



Input prices fall

Input prices fell for the third straight month, with declines reported in Germany, France, Spain, the Netherlands and Austria. Meanwhile, manufacturers' output prices rose only very modestly on average across the Eurozone, and fell in Spain and Greece.

Manufacturers' input volumes fell for the sixth straight month, while inventories of raw materials and finished goods showed the largest falls since December 2009 and October 2010 respectively.

Comment:

Chris Williamson, Chief Economist at Markit said:

"Eurozone manufacturing is clearly undergoing another recession. Despite the rate of decline easing slightly in December, production appears to have been collapsing across the single currency area at a quarterly rate of approximately 1.5% in the final quarter of 2011.

"The survey also points to a strong likelihood of further declines in the first quarter of the new year, with producers cutting back headcounts, inventories and purchasing.

"Worryingly, new orders are falling at a far faster rate than manufacturers have been cutting output, meaning firms have been reliant on orders placed earlier in the year to sustain current production levels. This is particularly evident in Germany, and suggests that operating capacity will be slashed in coming months unless demand revives."

-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 December 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.

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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.