

## News Release

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 09:00 (UK Time), 1 July 2011**

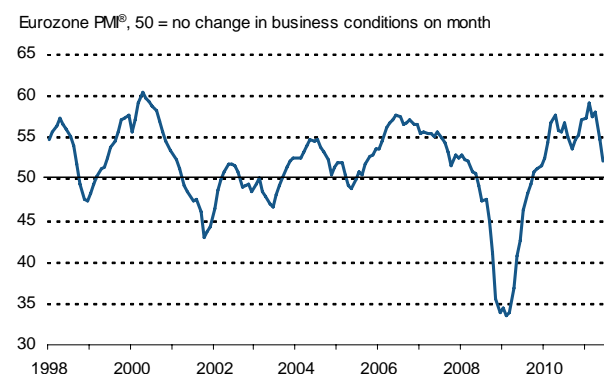
### Markit Eurozone Manufacturing PMI<sup>®</sup> – final data

#### Broad-based slowdown in Eurozone manufacturing as growth hits 18-month low. Contraction seen in Italy, Spain, Ireland and Greece.

- Eurozone PMI at 18-month low following broad-based national growth slowdown.
- Weaker growth of output and employment as new orders decline for first time since July 2009.
- PMIs for Italy and Ireland rejoin Spain and Greece in contraction territory.

The final **Markit Eurozone Manufacturing PMI<sup>®</sup>** fell to a one-and-a-half year low of 52.0 in June, down from 54.6 in May and unchanged from the earlier flash estimate. At 54.9, the average PMI reading during Q2 2011 is the lowest since the opening quarter of 2010 and well below the average of 57.9 seen in Q1. The PMI has signalled expansion in each of the past 21 months.

#### Manufacturing PMI<sup>®</sup> (overall business conditions)



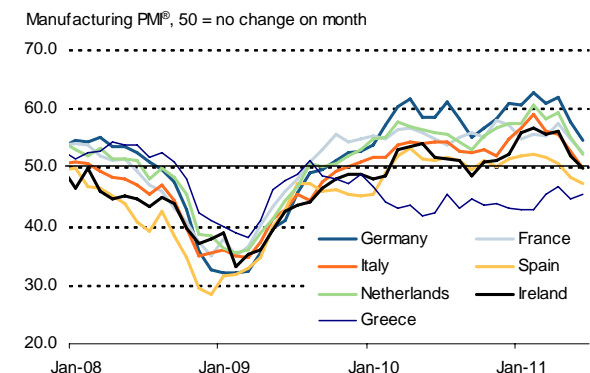
#### Broad-based slowdown saw Italy and Ireland join Spain and Greece in contraction territory

Headline PMIs fell in almost all of the nations for which data are collected in June. The sole exception was Greece which, nevertheless, still recorded the steepest rate of contraction of all countries. Italy, Spain and Ireland also saw sub-50 PMI readings, signalling deteriorating business conditions. That

said, only very marginal declines were recorded in Italy and Ireland.

Ongoing growth was seen in Germany, France, Austria and the Netherlands. However, the rates of expansion were among the weakest since the recoveries began in these countries.

#### Manufacturing PMI<sup>®</sup> by country



#### Countries ranked by Manufacturing PMI<sup>®</sup> (June)

Germany	54.6	17-month low
Austria	53.0	17-month low
France	52.5	22-month low
Netherlands	52.1	19-month low
Italy	49.9	20-month low
Ireland	49.8	9-month low
Spain	47.3	17-month low
Greece	45.5	2-month high

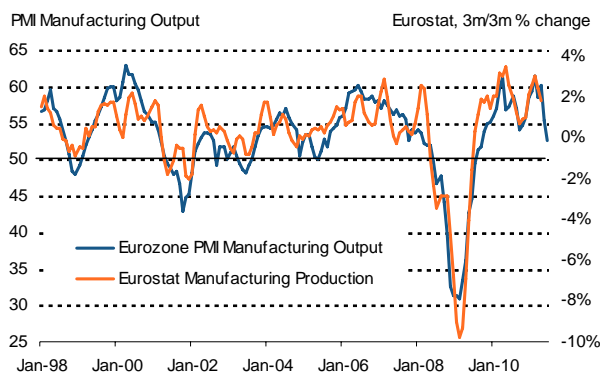
#### Growth of output at 21-month low, as new orders suffer modest decline

June saw manufacturing production increase at the slowest pace since September 2009. The rate of expansion was below the long-run survey average, but slightly above the earlier flash estimate. Output rose at slower rates in Germany, France, Italy, Austria and the Netherlands, while contractions were seen in Spain, Ireland and Greece.

The slowdown in output growth mainly reflected a slight drop in the volume of incoming new orders, which fell for the first time since July 2009. Weakening domestic markets – especially at the periphery – was a major factor underlying lower order book inflows.

June saw new export orders increase at the slowest pace since September 2009, led down by a decrease at intermediate goods producers. Export orders rose in almost all of the nations covered (the exception being Austria), but only Greece saw a faster rate of increase.

### Manufacturing Output



Production continued to rise at a robust pace in the investment goods sector in June, but lower output was seen at consumer and intermediate goods producers. Meanwhile, new order inflows stagnated at consumer and investment goods companies, and dropped at the steepest rate in over two years at intermediate goods producers.

### Jobs growth led by Austria and Germany

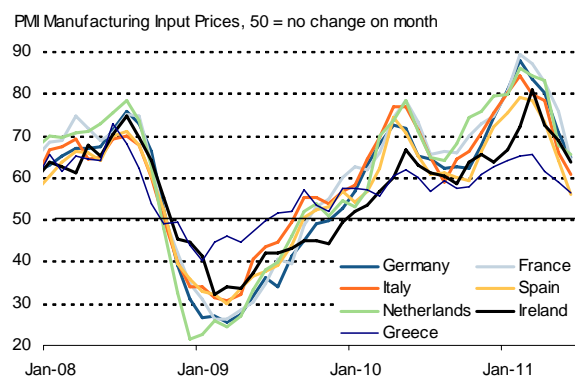
Eurozone manufacturers' backlogs of work declined for the first time in 20 months and the rate of depletion in finished goods inventories was the quickest since March, in both cases reflecting disappointing sales. Firms scaled back their recruitment as a result, with the rate of payroll growth hitting an eight-month low (and below the earlier flash estimate). Employment nonetheless continued to grow at an above-average pace for the survey.

Jobs growth was led by Austria and Germany, with solid increases also seen in France and the Netherlands. In contrast, Greece, Ireland and Spain all reported further job losses, while Italy saw headcounts fall for the first time since last November.

### Input price inflation lowest for ten months

Lower oil and commodity prices led to a further marked easing in the rate of increase in average input prices. Purchasing managers reported that input prices rose at the slowest pace since August 2010, down sharply from February's record high and below the earlier flash estimate. Rates of inflation slowed in all of the nations covered by the survey, with the sharpest easing seen in France, Austria and Spain.

### Manufacturing Input Prices



Weaker cost pressures also partly reflected a further easing in the incidence of supply-chain disruptions in June. Although average vendor performance continued to deteriorate sharply, the extent of the lengthening in lead times was the least marked in almost a year-and-a-half.

Companies continued to hike their selling prices, however. Average output prices rose for the fifteenth successive month, led by marked increases in Germany, the Netherlands and France. Germany was notable in being the only nation to see an increase in the rate of output price inflation, while only Greece reported a reduction in average selling prices. The overall rate of charge inflation across the region was the slowest in six months.

### Comment:

**Chris Williamson, Chief Economist at Markit** said: *"Eurozone manufacturers, who had provided the driving momentum behind the region's recovery over the past two years, reported much slower growth in June. Over the past two months, output growth has weakened to the greatest extent since late-2008. This reflects a combination of lacklustre domestic demand in many countries, especially the austerity-hit periphery, as well as a near-stagnation of export sales."*

*"Increasing numbers of countries are showing signs of sliding back into recession, with deteriorating business conditions now reported in Italy, Spain, Ireland and Greece. Even manufacturers in Germany and France saw growth of new orders slip closer to stagnation.*

*"The brighter news was to be found in the inflation*

*numbers. Although companies continued to hike prices in response to rising costs, the rate of input price inflation slowed to the weakest since August 2010 due to lower prices for oil and other commodities."*

-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](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)

**Note to Editors:**

The Eurozone Manufacturing *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 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 June flash was based on 92% 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 <i>PMI</i> <sup>®</sup>	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](mailto:economics@markit.com).

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**About PMIs**

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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](http://www.markit.com/economics).

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