News Release

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 09:00 (UK Time) 4 January 2012

Markit Eurozone Composite PMI® – final data

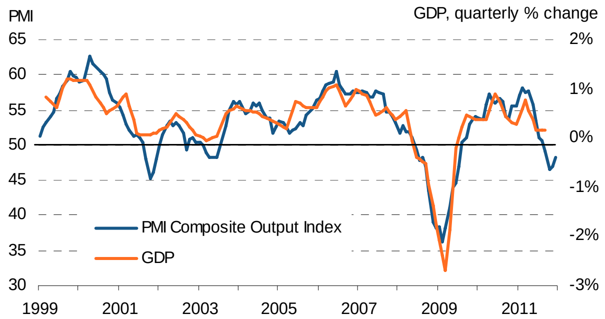
Eurozone downturn continues at end of 2011, as contractions in Spain and Italy offset signs of recovery in Germany

Data collected 5-20 December.

Key points:

- Final Eurozone Composite Output Index at three-month high of 48.3 in December
- Output rose in Germany and stabilised in France, but fell sharply in Italy and Spain
- Lacklustre employment gain as jobs growth limited to France and Germany

Markit Eurozone PMI and GDP



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

Business activity in the Eurozone private economy contracted for the fourth straight month in December. At 48.3, up from 47.0 in the previous month, the final **Markit Eurozone *PMI*®** Composite Output Index came in above the flash estimate of 47.9 and signalled the weakest rate of decline for three months.

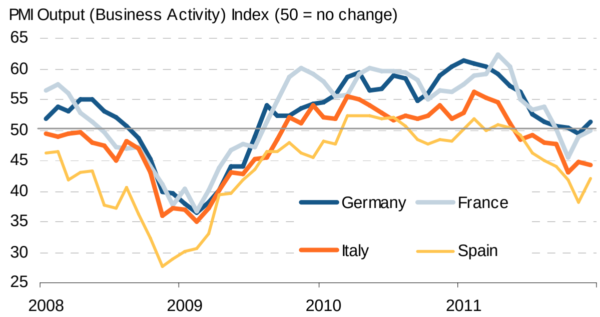
The easing was nonetheless insufficient to prevent the survey signalling the worst quarterly performance as a whole in the three months to December since Q2 2009. The headline index averaged only 47.2 in the fourth quarter.

December saw output fall again at manufacturers and service providers, although the rates of contraction eased in both sectors. National PMI data also highlighted the broad-based nature of the ongoing weakening of economic activity. All of the national manufacturing surveys showed falling production, while services activity rose only in Germany and France.

Nations ranked by output (December)

Germany	51.3	4-month high
France	50.0	3-month high
Italy	44.2	2-month low
Spain	42.1	3-month high

Output indices by nation



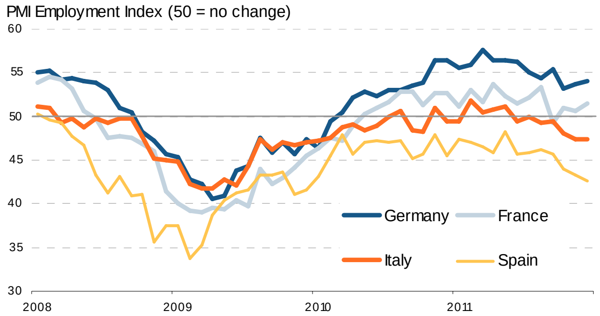
Source: Markit

New business fell for the fifth month in a row, but at a weaker pace than in November. Declines were recorded across the big-four economies. Germany and France saw modest reductions, and weaker falls than in November, but Spain and Italy continued to see steep losses in new business.

The rate of contraction in new business for the Eurozone as a whole remained sharper than that signalled for output. Subsequently, companies made sizeable inroads into backlogs of existing work, which fell for the sixth month running. By country, only France reported a marginal increase in outstanding business.

Jobs growth remained lacklustre at the end of 2011, as a modest increase in the service sector was partly offset by cuts at manufacturers. Companies reported that weak demand, lower output and the development of spare capacity had led to a growing reluctance to take on staff, and often led to payroll cuts. Employment rose in Germany and France, with increases signalled by both manufacturers and service providers. In contrast, marked job losses were seen across the Italian and Spanish economies.

Employment indices by nation



Source: Markit

Weak demand and strong competition continued to restrict companies' pricing power in December. Average selling prices for goods and services fell slightly for the third time in four months, despite a further increase in input costs.

Selling prices were raised in Germany and France, but to lesser extents than November. In contrast, price discounts were offered in Italy and Spain. These were centred on service providers, reflecting weak domestic demand.

Average input prices rose for the twenty-seventh successive month in December, as sharper cost increases at service providers negated the impact of falling raw material prices at manufacturers. The disparity between the two sectors mainly reflected the ongoing unwinding of the commodity price surge at the beginning of the year.

Comment:

Chris Williamson, Chief Economist at Markit said:

"The uplift in the Eurozone PMI in December does little to dispel fears of the region sliding back into recession. Despite the upturn, the fourth quarter saw the steepest contraction since the spring of 2009, and forward-looking indicators suggest that a further decline is on the cards for the first quarter of 2012. In particular, orders for goods and services continued to collapse, suggesting that output and employment will be cut as we move into the new year.

"Not surprisingly, the weakness is centred on Italy and Spain, which are both likely to already be in recession as domestic austerity measures exacerbate weak export sales.

"France has also contracted over the fourth quarter while Germany appears to have stagnated, although an upturn in December raises some hope that a resilient consumer sector is at least helping prevent the region's largest economy from falling back into recession."

-Ends-

For further information, please contact:

Markit
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 +44-20-7064-6283
Mobile +44-782-7891-072
Email rachel.harling@markit.com

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 December flash was based on 86% 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.

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 marketplace. For more information, see www.markit.com.

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.