

Europe Flash

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Economic Analysis

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PMIs give new signs of improvement in the eurozone

Germany and France PMIs continue their recovery

- **Flash eurozone PMI improves in June for the third month in a row**

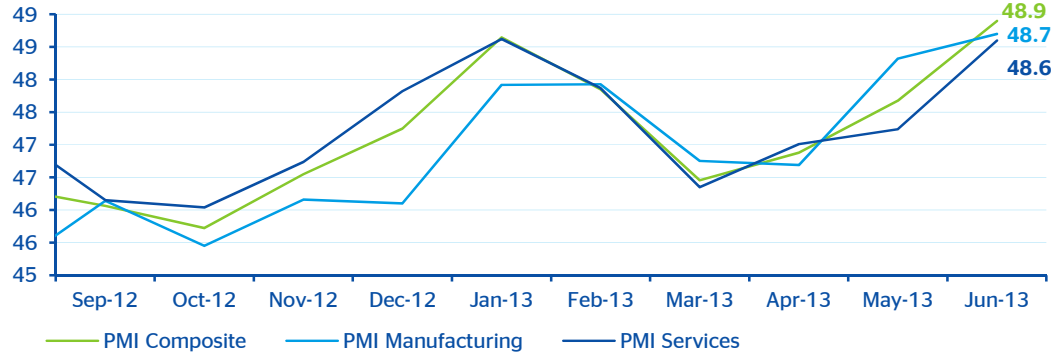
The flash eurozone PMI composite index registered a level of 48.9 points in June, above expectations (BBVA: 48.2, Consensus: 48.1) and after 47.7 in May. This is a new signal of the improvement in the eurozone since the index is closer to the levels considered as economic growth (50 points). In this month, contrary to what was observed in May, the improvement is particularly due to services, whose index increased by +1.4 points to hit 48.6, while the manufacturing sector also improved but more moderately than in May (+0.4 points, after +1.6 points in May) up to 48.7. Incorporating this new information into our MICA-BBVA model, it consolidates our forecast that the economy would have grown marginally in the second quarter of 2013.

- **Better economic expectations in Germany and France**

The flash composite PMI in Germany registered a new increase in June (+0.7p to 50.9), though with a decline of the manufacturing index (-0.7p to 48.7 versus 49.7 expected), while services explain much of the improvement, increasing more than expected (+1.6p to 51.3, BBVA:49.8, Consensus: 48.6). The floods in recent weeks may be behind the manufacturing decline, but Markit, which produces the PMIs index, notes that in previous episodes the effect of floods on the index took place with a 1 or 2 month delay.

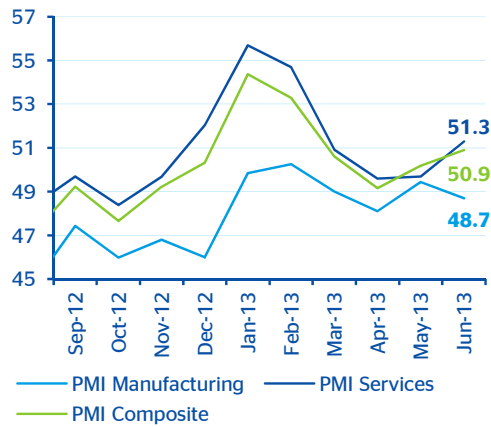
For France, the index improves significantly in June (+2.2 points to 46.8), recovering from the very low levels observed in previous months. Both services and manufacturing contribute to the improvement of this month (+2.2 points and +2.1 points, respectively), both with registers higher than expected: services with an index of 46.5 (BBVA: 44.7, Consensus: 44.8) and manufacturing sector index at 48.3 in June (BBVA:46.9 , Consensus: 47).

Chart 1
Eurzone PMIs



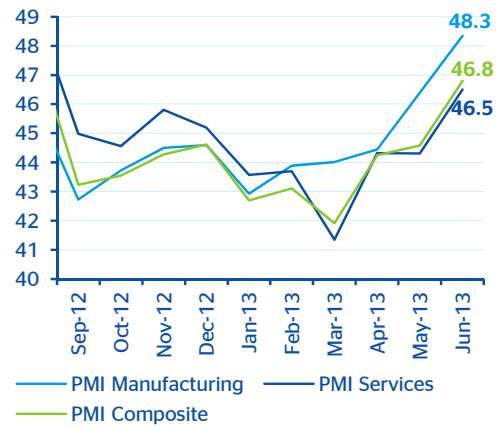
Source: Markit Economics

Chart 2
Germany PMIs



Source: Markit Economics

Chart 3
France PMIs



Source: Markit Economics

Table 1
PMIs in the eurozone, Germany and France

	Indicator	May	June (Flash)
Eurozone	PMI Composite	47.7	48.9
	PMI Manufacturing	48.3	48.7
	PMI Services	47.2	48.6
Germany	PMI Composite	50.2	50.9
	PMI Manufacturing	49.4	48.7
	PMI Services	49.7	51.3
France	PMI Composite	44.6	46.8
	PMI Manufacturing	46.4	48.3
	PMI Services	44.3	46.5

Source: Markit Economics

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