

## News Release

**MARKET SENSITIVE INFORMATION**  
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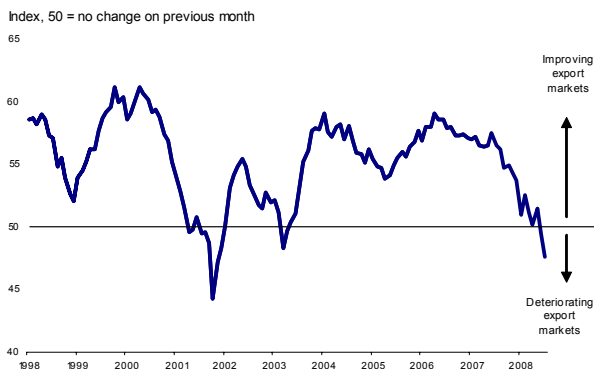
### Euler Hermes UK Exporters' PMI

#### UK exports decline at fastest rate in nearly seven years

##### Key points:

- Second consecutive contraction in export market activity; fastest since November 2001.
- Demand from Eurozone economies faltering; US continues to stagnate.
- BRIC region continues to record strong expansion.

##### Historical overview:



##### Summary:

UK exports declined in July for the second successive month as rising inflationary pressures along with the ongoing credit crunch contributed to global economic conditions worsening further, according to the latest research from credit insurer Euler Hermes UK, a company of Allianz.

The Euler Hermes UK Exporters' PMI remained in negative territory, registering 47.7, down from 49.5 in the previous month. The reading was the lowest since November 2001 and, at a level below the crucial 50.0 no-change mark, the index pointed to a further month-on-month decline in exports.

The decline in the UK Exporters' PMI mainly reflected continued deteriorations in economic conditions in European trading partners such as Ireland and Spain. According to latest data, activity levels in these countries – which make up around 11% of total UK exports – contracted significantly again in July. Other major European trading

partners, including France and Italy, also saw marked falls in activity.

Nonetheless, the German economy grew again in July, helping to partly make up for the weakness in other parts of Europe. However, growth was the weakest in just over three years, indicating that support from the UK's principal European export destination may be faltering.

According to the latest figures from the Institute for Supply Management (ISM), economic conditions were subdued again in the US. Growth remained negligible for the second month in a row in the country which receives the largest share of total UK exports. There was modest growth in manufacturing while the service sector contracted.

One key area of overall global economic expansion remains the BRIC region (Brazil, Russia, India and China). However, these countries currently account for less than 4% of UK exports. Therefore, the continuing strong growth in the region is unlikely to offset the weakness that Europe and the US are having on trade.

Data from the Bank of England signalled that, in July, sterling remained weak, and well below levels seen just a year ago (on a trade weighted basis, the currency is around 13% lower than in July 2007). At a time of faltering growth in many trading partners, it remains to be seen whether sterling support will be enough to offset this drag on export trade.

-Ends-

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**Notes to Editors:**

The Euler Hermes UK Exporters' PMI is based on the highly-regarded Purchasing Managers' Index (PMI) surveys, which are widely used by central banks, economic policymakers and the financial markets around the world due to their accurate track record of providing a reliable insight into economic trends.

The UK Exporters' PMI is calculated by weighting together the national data on output trends from the PMI surveys of manufacturing and services, with weights derived from government statistics ([www.statistics.gov.uk](http://www.statistics.gov.uk)) relating to the importance of UK trade with each country.

**About Euler Hermes**

Euler Hermes is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000 employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and **posted a consolidated turnover of €2.1 billion in 2007.**

Euler Hermes has developed a credit intelligence network that enables it to analyse the financial stability of 40 million businesses across the globe. The group protects worldwide business transactions totalling €800 billion.

Euler Hermes, subsidiary of AGF and a member of the Allianz group, is listed on Euronext Paris. The group and its principal credit insurance subsidiaries are rated AA- by Standard & Poor's.  
[www.eulerhermes.co.uk](http://www.eulerhermes.co.uk)

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Markit is a financial information services company with more than 700 employees in Europe, North America and Asia. Over 1,000 financial institutions use our independent services to manage risk, improve operational efficiency and meet regulatory requirements.

**About Markit Economics**

Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is now available for 26 countries and key regions including the Eurozone and BRIC. The PMIs have become 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.

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