

News Release

Friday 17th October 2008

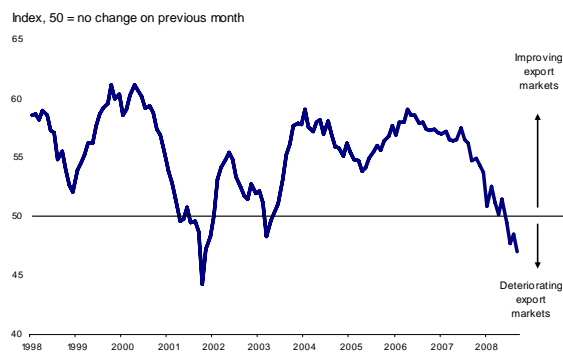
Euler Hermes UK Exporters' PMI

Steepest contraction of UK export markets since October 2001

Key points:

- Second sharpest deterioration in UK export market health in series history.
- Major European economies register declining activity.
- Stagnation of United States economy.

Historical overview:



Summary:

September data pointed to a further marked deterioration in UK export markets, according to the latest research from credit insurer Euler Hermes UK, a company of Allianz.

The Euler Hermes UK Exporters' PMI posted 47.1, representing the fourth consecutive monthly decline in UK export market activity, the longest period of contraction in nearly seven years. Moreover, the latest monthly deterioration was the second sharpest since data were first available in January 1998, and the steepest since October 2001.

Output in the Eurozone contracted in September, as some of the major economies in the region recorded sharp falls in activity. Sharp declines were registered in Ireland and Spain, while there were also marked falls seen in France and Italy. The fall in activity in Spain was the fastest in the history of its series and the sharpest of all the nations covered in September.

The German economy also posted a reduction in activity; the first such fall since November 2004. Furthermore, the destination for one-tenth of the UK's exports saw output contract at the fastest pace in more than five years. The Eurozone currently accounts for around 44% of the UK's export market, so the emergence of the economic slowdown in the region is likely to be having a strong negative impact on UK exporters.

After posting moderate growth in August, the US economy stalled in September. Latest figures from the Institute for Supply Management (ISM) pointed to the weakest economic conditions for eight months. However, a substantial contraction in manufacturing output was in contrast to the service sector, which posted an increase in activity.

The Indian economy continued to register strong growth in September, the fastest of all the countries surveyed. Russia also recorded a solid expansion in output, at a similar pace to that seen in August. China and Brazil saw contractions in activity, with Chinese output affected by the transport and production restrictions imposed during the Paralympics. The BRIC nations are the destination for just 4% of UK exports and so the strength of growth in India and Russia currently only goes some way to offsetting the weakness seen in Europe and the US.

Sterling weakened further in September, providing some help to UK exporters. Data from the Bank of England showed that on a trade-weighted basis the value of the currency is more than 14% lower than in September 2007. Sterling's weakness should help to partly offset falling activity in export markets around the world.

-Ends-

For further information, please contact:

Markit Press Office

Caroline Lumley
Telephone +44-20-7260-2047
Email caroline.lumley@markit.com

Euler Hermes UK

Helen Taylor,
Telephone +44-20-7860-2546
Email helen.taylor@eulerhermes.com

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) 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 €300 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

About Markit

Markit is a financial information services company with more than 1,000 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.

The intellectual property rights to the Euler Hermes UK Exporters' PMI provided herein is owned by Markit Group Limited. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without Markit's prior consent. Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Markit, PMI and Purchasing Managers' Index are all trademarks owned by The Markit Group.