

**Emerging markets output growth slows to 5-month low in February, shows HSBC survey**  
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Business activity across emerging markets expanded in February at the slowest pace in five months, weighed down by weaker manufacturing in big developing countries such as Russia and China, a survey showed today.

HSBC's composite emerging markets index of manufacturing and services purchasing managers' surveys slipped for the third month running to 51.1 in February. It stayed under the 2013 average of 51.7 and well below a long-run level of 54.0.

But the monthly index remained above the 50 threshold which marks the difference between expansion and contraction.

Based on data from purchasing managers at about 8,000 firms in 17 countries, the survey showed Chinese factory output stayed below the 50 mark. Manufacturing in Russia, India and Brazil hovered just above 50.

"Emerging economies are struggling to gain traction," said Murat Ulgen, HSBC's chief economist for eastern Europe and sub-Saharan Africa. "This time the weakness came from manufacturing, while services recorded a slight improvement."

There was little hope for a quick turnaround, Ulgen said, noting tighter global financial conditions, worries about the Chinese economy, and geo-political tensions surrounding Ukraine.

"The Ukraine and Russia standoff could undermine Europe's fledgling recovery, and in turn the global trade cycle," he said, warning the crisis posed the biggest risk to recovery in central European countries such as Poland and Czech Republic.

February services activity in the biggest emerging markets rose at a slightly stronger rate than the previous month when it was at a six-month low, the survey showed.

"Conditions are likely to remain subdued in March, with incoming new business rising at the slowest rate in five months," HSBC said.

However, the future output index, which tracks firms' expectations for activity in 12 months' time, picked up in February to an 11-month high.

The HSBC index is calculated using data produced by Markit. – Reuters, March 6, 2014.

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