

# European Union

Sectors: Autos output rose sharply as other sectors hit by poor weather

## Key findings

- **Autos** continue to outperform.
- Weather hits **transport** and **construction**.
- **Banks** post fastest growth since July 2007.
- Growth of **commodity-facing** sectors stabilising, with sharp rise in **chemicals** output.

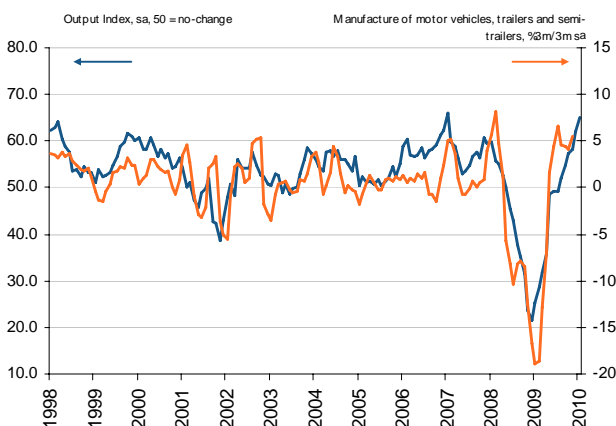
## Autos production rose sharply

PMI data compiled by Markit covering the EU **autos & parts** sector signalled the fastest growth of all industries in January. Growth of production was the fastest since the record high seen in January 2007.

The latest findings underlined the boost to the sector that has been provided by government scrappage incentives. Although the German and French schemes have now both ended (the latter only last December), the UK scheme is in place until March while Italian and Spanish packages are also set to be extended.

The autos sector helped drive overall growth of **consumer goods** output in January, which saw the fastest expansion of all seven broad industries covered by the PMIs for the second successive month.

Chart 1: EU Autos & Parts vs eurostat

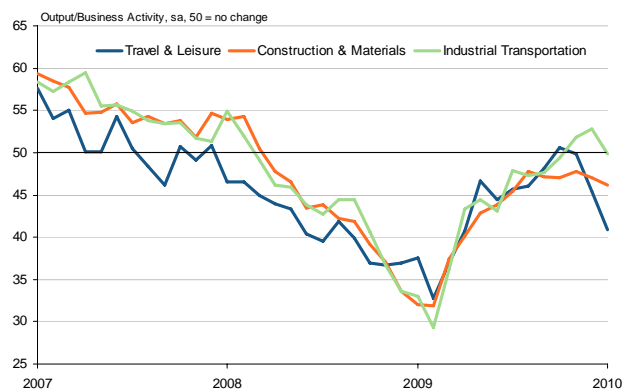


## Bad weather hit transport, construction

The sector data also provide a better insight into how the severe winter weather in January affected business levels, which had in turn led to slower growth of activity in several of the national PMI surveys.

Three sectors recorded lower activity compared to one month earlier after allowing for normal seasonal factors, all exposed to the disruptive effects of the extreme weather. The worst-performing sector was **travel & leisure**, which saw the steepest rate of decline since last April. This led to an overall fall in **consumer services\*\*** activity, despite sharp growth in **media** output. Meanwhile, **industrial transportation** saw activity decline slightly for the first time in three months, while **construction & materials** posted the fastest reduction in activity since last July.

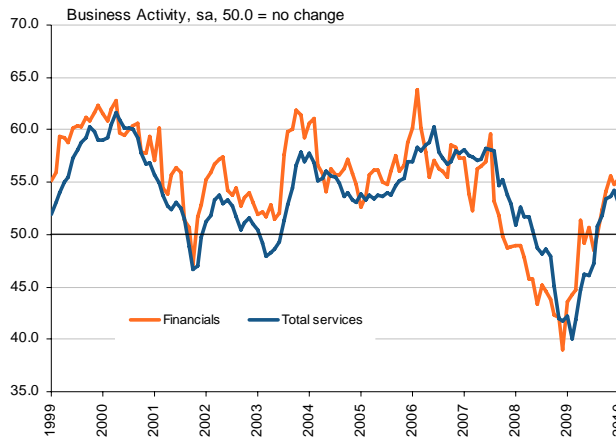
Chart 2: Weather-related disruption



## Financial sector set to support wider growth in Q1

PMI data covering the broad EU **financials** industry showed activity gaining momentum in January. This provided evidence that the dip in overall services growth at the start of 2010 was temporary, as the business activity series for the financial sector tends to lead that for the overall services economy.

**Chart 3: Financials leads services growth**



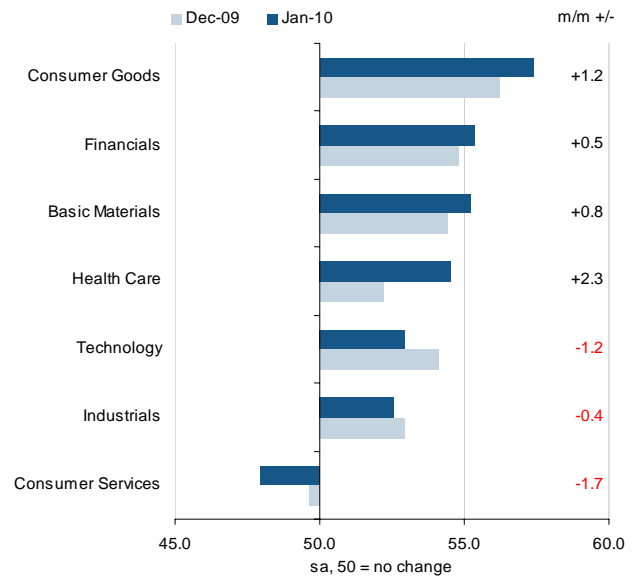
A key finding from the detailed financial sector data was that **banks** registered a robust increase in activity in January, having performed relatively poorly in the second half of 2009. The business activity index for banks was at its highest since July 2007. Meanwhile, **real estate** registered the fastest growth of activity of all 'pure' service sectors covered (those that do not involve any manufacturing).

**Basic materials growth stabilising**

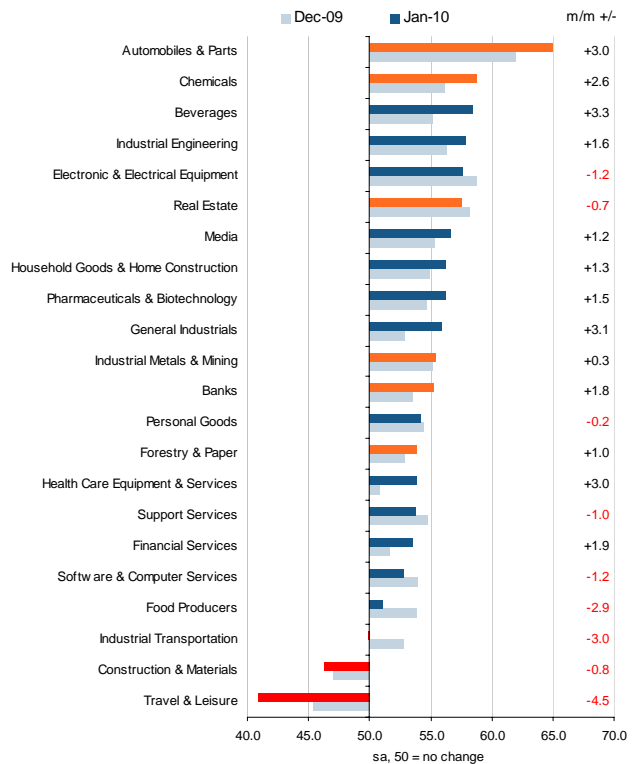
Having seen the strongest rebound of all major industry groups last year, **basic materials** growth consolidated at the start of 2010. The industry – which covers chemicals, forestry & paper and metals & mining – recorded the strongest output growth of all sectors from July to November last year, but ranked third in January. The rate of growth remained strong, however, and greater than the long-run series average.

Of the three constituent sectors, **chemicals** posted the strongest growth, and the fastest expansion of any sector covered except autos. **Industrial metals & mining** saw steady robust growth at a pace in line with the trend seen since Q4 2009. **Forestry & paper** posted a slightly faster increase, having seen growth slow sharply in December.

**Chart 4: EU industries, Output/Business Activity**



**Chart 5: EU sectors, Output/Business Activity**



EU sector data are derived from the same national manufacturing, services and construction panels used for the PMI surveys, which together cover around 6,000 private sector companies. The sector data also track new and outstanding business, employment, price trends, purchasing, stocks and supplier performance, and are released on the fifth working day of each month. February data will be available on 5 March. For more information, please contact [economics@markit.com](mailto:economics@markit.com).

### Markit EU Sector PMIs

Industry	Supersector	Sector
1000 Basic Materials	1300 Chemicals	1350 Chemicals
	1700 Basic Resources	1730 Forestry & Paper
		1750 Industrial Metals & Mining 1770 Mining*
2000 Industrials	2300 Construction & Materials	2350 Construction & Materials
		2710 Aerospace & Defence*
	2700 Industrial Goods & Services	2720 General Industrials
		2730 Electronic & Electrical Equipment
		2750 Industrial Engineering
		2770 Industrial Transportation
		2790 Support Services
3000 Consumer Goods	3300 Automobiles & Parts	3350 Automobiles & Parts
		3530 Beverages
	3500 Food & Beverage	3570 Food Producers
		3720 Household Goods & Home Construction
		3740 Leisure Goods*
		3760 Personal Goods
4000 Health Care	4500 Health Care	4530 Health Care Equipment & Services
		4570 Pharmaceuticals & Biotechnology
5000 Consumer Services**	5500 Media	5550 Media
	5700 Travel & Leisure	5750 Travel & Leisure
8000 Financials	8300 Banks	8350 Banks
	8500 Insurance*	
	8600 Real Estate	
	8700 Financial Services	8770 Financial Services
9000 Technology	9500 Technology	9530 Software & Computer Services
		9570 Technology Hardware & Equipment*

\*not currently published at sector/supersector level but included at supersector/industry level.

\*\*excludes 5300 Retail

## Trevor Balchin

### Senior Economist

Markit

Tel: +44 1491 461 065

Email: [trevor.balchin@markit.com](mailto:trevor.balchin@markit.com)

For further information, please visit [www.markit.com](http://www.markit.com)

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