

# European Union

## Sector PMIs reveal ongoing lop-sided EU recovery

### Key findings

- All sectors recorded output growth in January
- Autos and engineering joined by chemicals at top of growth table
- Input prices rose at record rates in seven sectors

The latest batch of detailed EU sector PMI data from Markit showed a notable improvement in growth rates across many industry sectors across the EU in January. While manufacturers continued to lead the recovery, technology- and business-related service providers are also seeing returning momentum. In contrast, growth remained subdued in consumer-oriented services and construction-related sectors.

However, the latest data also highlight surging cost pressures. Input price inflation accelerated to record rates in seven sectors, while four sectors posted record increases in output prices.

### Broad-based growth led by autos, engineering and chemicals

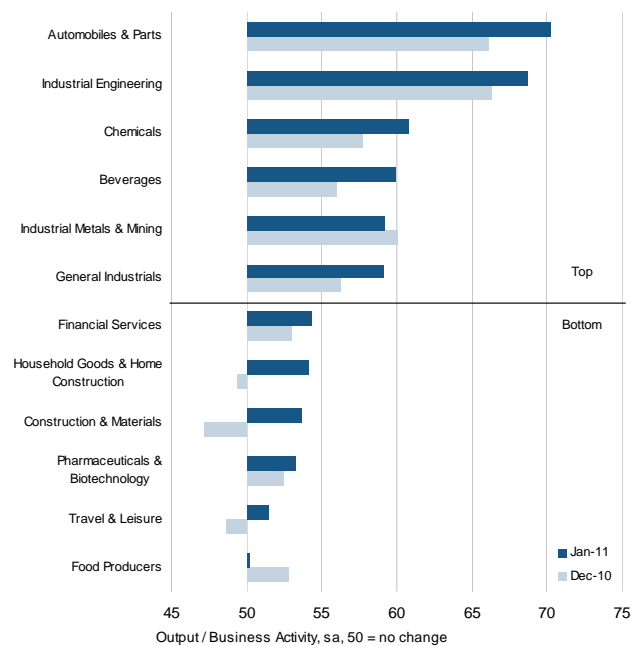
For the first time since last August, all 22 sectors covered recorded higher output than one month previously in January. Three posted a resumption of growth following a decline the previous month while, of the remaining sectors, 14 posted sharper rates of expansion than in December.

The **automobiles & parts** sector posted the fastest growth of output in January, followed by **industrial engineering**. These sectors have occupied the top two places in the growth table for the past four months, and both posted series-record rates of expansion at the start of 2011. They were followed by **chemicals**, which has risen ten places in the table since November. Manufacturers occupied the top-eight positions, while the best-performing service sectors were **industrial**

**transportation, software & computer services** and **real estate** in 9<sup>th</sup>, 10<sup>th</sup> and 11<sup>th</sup> respectively.

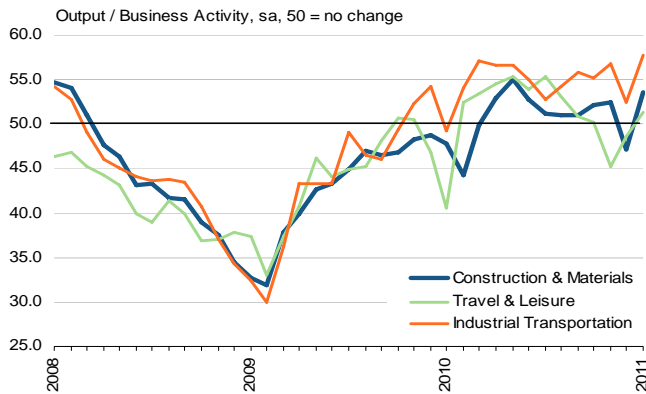
January saw a resumption of output growth in **household goods & home construction, construction & materials** and **travel & leisure**. The pick-up in the latter two was evidence of a rebound from snow-related disruption in December.

### EU sectors: winners and losers



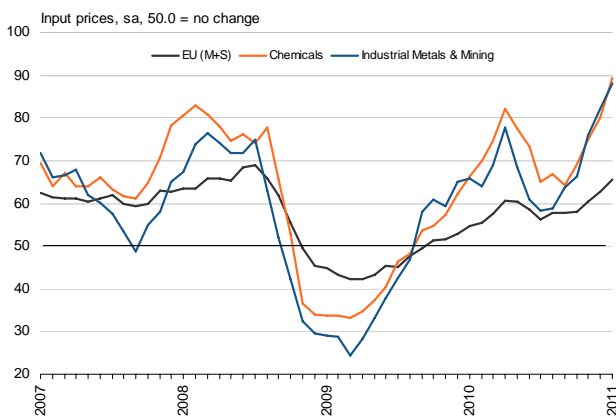
The weakest-performing sectors in January were **food producers**, where output rose only marginally, and **travel & leisure**. The relatively modest increase in the latter suggested that domestic European consumers remained cautious with regard to non-essential spending.

### Better weather led to renewed growth



### Price pressures intensified

Input prices rose at marked and accelerating rates in many sectors across the EU economy in January. All sectors posted higher input prices than one month previously, and all except **forestry & paper** and **electronic & electrical equipment** recorded faster rates of inflation. The strongest overall rates of input price inflation were registered in **chemicals** and **industrial metals & mining**.

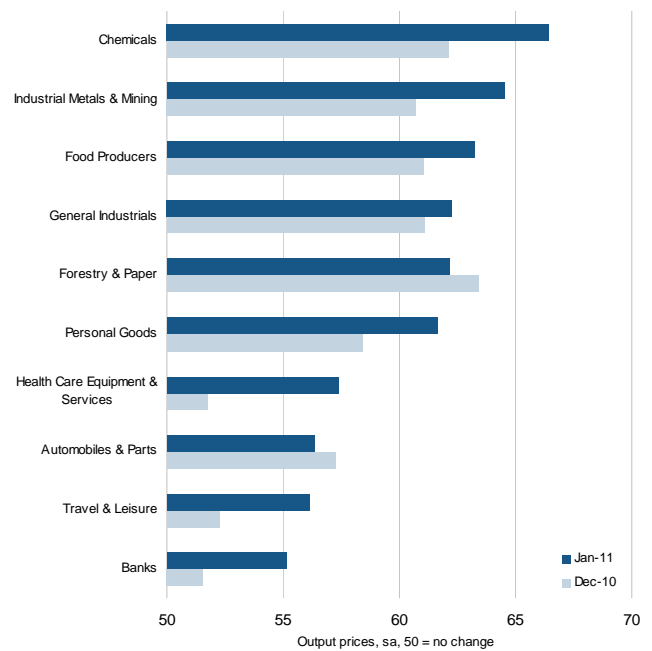


Nine sectors registered the fastest or second-fastest rates of input cost inflation since the series started in January 1998. These included:

- Chemicals (record)
- Industrial Metals & Mining (record)
- General Industrials (record)
- Food Producers (record)
- Personal Goods (record)
- Industrial Engineering (record)
- Automobiles & Parts
- Electronic & Electrical Equipment
- Beverages (record)

January data also signalled the widespread pass-through of higher costs to end users, as 18 out of 21<sup>1</sup> sectors registered rising output prices. Four posted series-record rates of inflation, including **chemicals**, **general industrials**, **personal goods** and **health care equipment & services**. As was the trend for input prices, charges rose at the fastest overall rates in **chemicals** and **industrial metals & mining** respectively.

### Output prices rose sharply in many sectors



<sup>1</sup> Output prices data not available for Construction & Materials.

## Notes on data and forthcoming releases

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, price trends, purchasing, stocks and supplier performance, and are released on the fifth working day of each month. February data will be available on 7 March.

For more information, please contact [economics@markit.com](mailto:economics@markit.com).

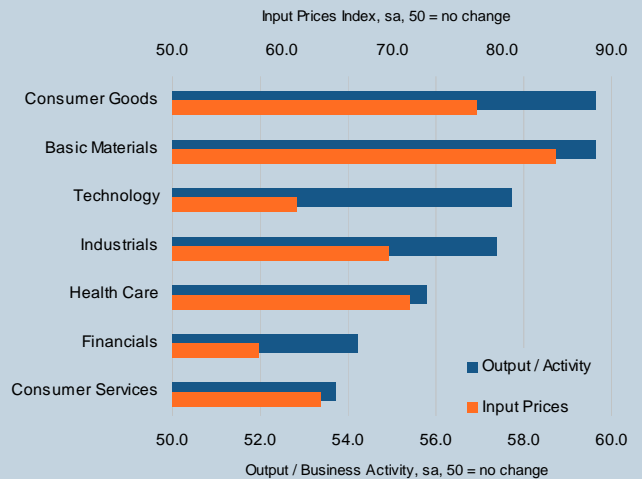
### Markit EU Sector PMIs

Industry	Supersector	Sector
1000 Basic Materials	1300 Chemicals 1700 Basic Resources	1350 Chemicals 1730 Forestry & Paper 1750 Industrial Metals & Mining 1770 Mining*
2000 Industrials	2300 Construction & Materials 2700 Industrial Goods & Services	2350 Construction & Materials 2710 Aerospace & Defence* 2720 General Industrials 2730 Electronic & Electrical Equipment 2750 Industrial Engineering 2770 Industrial Transportation 2790 Support Services
3000 Consumer Goods	3300 Automobiles & Parts 3500 Food & Beverage  3700 Personal & Household Goods	3350 Automobiles & Parts 3530 Beverages 3570 Food Producers 3720 Household Goods & Home Construction 3740 Leisure Goods* 3760 Personal Goods 3780 Tobacco*
4000 Health Care	4500 Health Care	4530 Health Care Equipment & Services*** 4570 Pharmaceuticals & Biotechnology
5000 Consumer Services**	5500 Media 5700 Travel & Leisure	5550 Media 5750 Travel & Leisure
8000 Financials	8300 Banks 8500 Insurance* 8600 Real Estate 8700 Financial Services	8350 Banks  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  
 \*\*\*excludes 4533 Health Care Providers

## Industries

**Consumer goods** and **basic materials** showed the joint-fastest rate of output growth in January, with the former again boosted by autos production and the latter by chemicals and metals. **Consumer services** and **financials** continued to record the slowest rates of expansion in January.



The leading industry groups in terms of output growth also posted the strongest input price inflation in January. Moreover, the rates of inflation were series-records in both cases.

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