

# European Union

## Autos sector grows at weakest rate since August 2009

- **Production growth slowed to 22-month low.**
- **New order volumes stagnated.**
- **Input price inflation eased further from February's record.**

European Union *PMI™* detailed sector data signalled a further slowdown in the European automobile industry in June. Output rose for the twenty-third successive month, but the increase was the smallest since August 2009. Having been the fastest growing sector among 22 areas covered in total in the first two months of the year, automobiles & parts producers were ranked ninth in June.

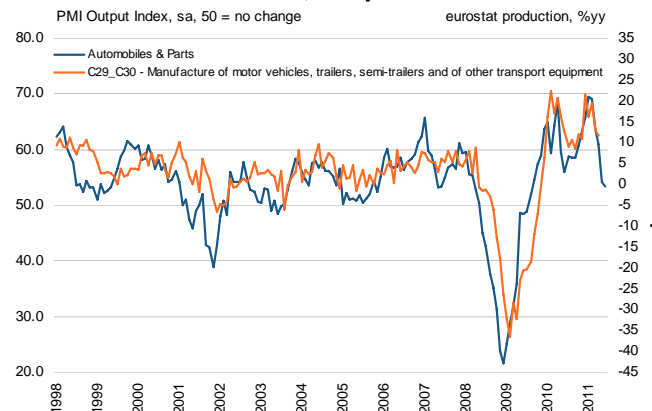
EU PMI autos sector data are based on replies from over 200 autos producers and parts suppliers in Germany, the UK, France, Italy, Spain, the Netherlands, Austria, Ireland, Greece, Poland and the Czech Republic. Together these countries account for around 87% of EU autos output.

Comparing the PMI output series against official data for the 27-member bloc compiled by Eurostat, the latest PMI data are pointing to a flat year-on-year trend in the official series. The PMI data have a good track record of anticipating changes in the annual rate of change in Eurostat's production index, with a correlation of 0.87 when the PMI series acts with a lead of two months.

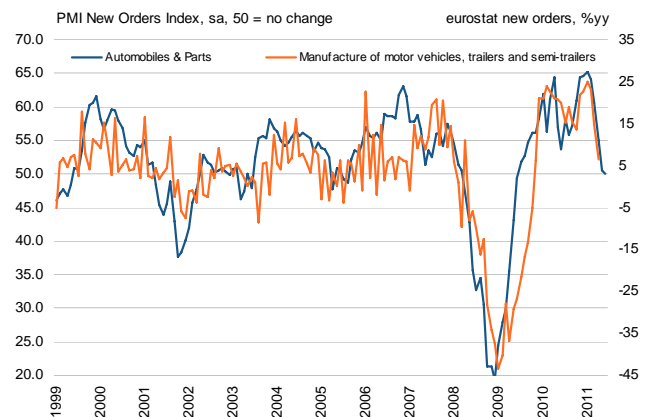
The recent deterioration in growth has been caused by a stagnation in new business inflows. Total new orders in the autos & parts sector barely rose in June, while new export orders increased only marginally, having fallen in May.

The rate of employment growth meanwhile eased to a seven-month low in June. That said, it was stronger than signalled for all other sectors covered by the PMI surveys bar industrial engineering.

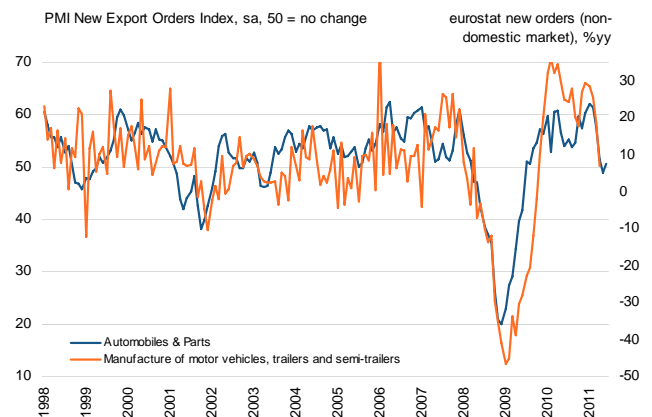
### EU Automobiles & Parts, Output



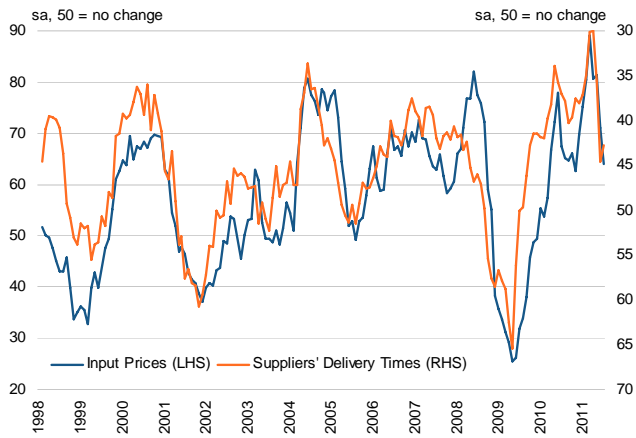
### New orders stalled...



### ...partly reflecting weak export demand



## Cost pressures have peaked but remain substantial



June data signalled a further moderation in autos sector producer input price pressures in the EU. Having hit a record high in February, the rate of inflation has since slowed to an eight-month low in June. This partly reflected weaker global commodity prices in recent months, but also a lifting of pressure on supply chains following severe disruption linked to the disaster in Japan in March.

But autos producers still faced relatively high increases in average input prices compared with other sectors in June. The industry posted the fifth-sharpest increase in costs of the 22 sectors covered. Food producers, pharmaceuticals & biotechnology, travel & leisure and chemicals were the only sectors to record higher rates of input price inflation in June.

## 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 sectors are classified according to the **FTSE / Dow Jones Industry Classification Benchmark (ICB)**. The sector data track output, new and outstanding business, price trends, purchasing, stocks and supplier performance, and are released on the fifth working day of each month. June data will be available on 7 July. 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
	2700 Industrial Goods & Services	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	3350 Automobiles & Parts
	3500 Food & Beverage	3530 Beverages
		3570 Food Producers
	3700 Personal & Household Goods	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	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  
 \*\*\*excludes 4533 Health Care Providers

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