

# European Union

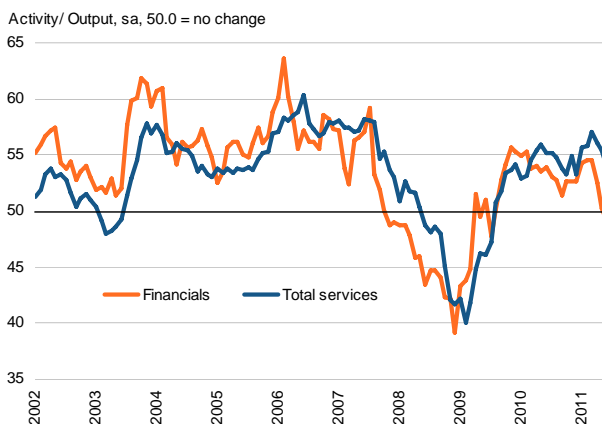
Financial industry activity fell for the first time in two years in June. Banking sector outlook at two-year low.

- **First decline in activity since July 2009.**
- **Financials data lead trend for wider services sector.**
- **Banks held worst business outlook since March 2009.**

European Union *PMI™* sector data, based on the FTSE/Dow Jones Industry Classification Benchmark (ICB)<sup>1</sup>, signalled a fall in business activity in the financials industry in June. Of seven broad industry groups covered, financials was the worst-performing except for basic materials.

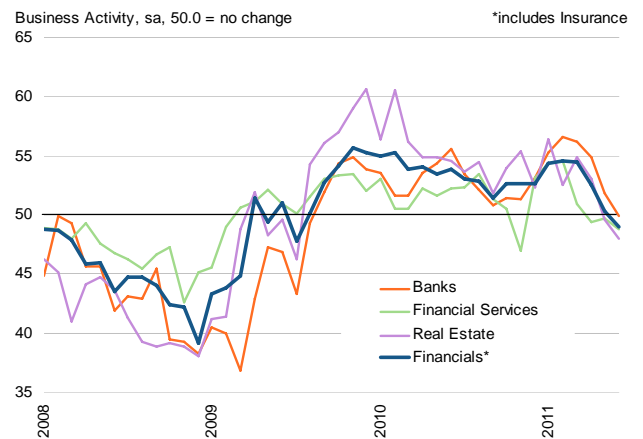
The Financials Business Activity Index has fallen sharply since hitting a 12-month high back in February, signalling an overall decline in June for the first time since July 2009. The trend in financials activity tends to lead that for total EU services<sup>2</sup>. So the latest figure suggests that overall growth of EU services activity will slow further in the third quarter, and even highlights a risk of an outright contraction.

## Financial activity leads wider trend in services



Detailed sector data in June showed declines in financial services and real estate, and a fractional contraction in the banking sector.

## Financials: related sectors



Banking activity was marginally lower over the month, as new business intakes were unchanged since May and banks continued to work through existing backlogs of work – which declined at the fastest rate since September 2009. With business expectations regarding the 12-month outlook at their lowest in over two years, a more substantial fall in banking activity looks likely in July.

Real estate activity meanwhile fell at the fastest pace since July 2009, and all other financial services activity showed a third successive monthly decline.

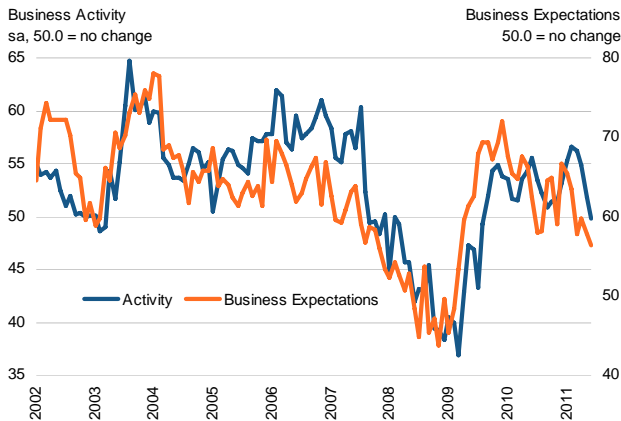
The EU Financials PMI is based on responses from around 500 banks, real estate, insurance and financial services<sup>3</sup> companies in Germany, the UK, France, Italy, Spain, the Netherlands, Austria, Ireland, Greece, Poland and the Czech Republic.

<sup>1</sup> <http://www.icbenchmark.com/>

<sup>2</sup> financials PMI data picked up the credit crunch in mid-2007, for example, with activity first falling in the industry in October 2007 – eight months prior to the wider decline across the EU services sector

<sup>3</sup> Includes asset managers, consumer finance, speciality finance, investment services, mortgage finance.

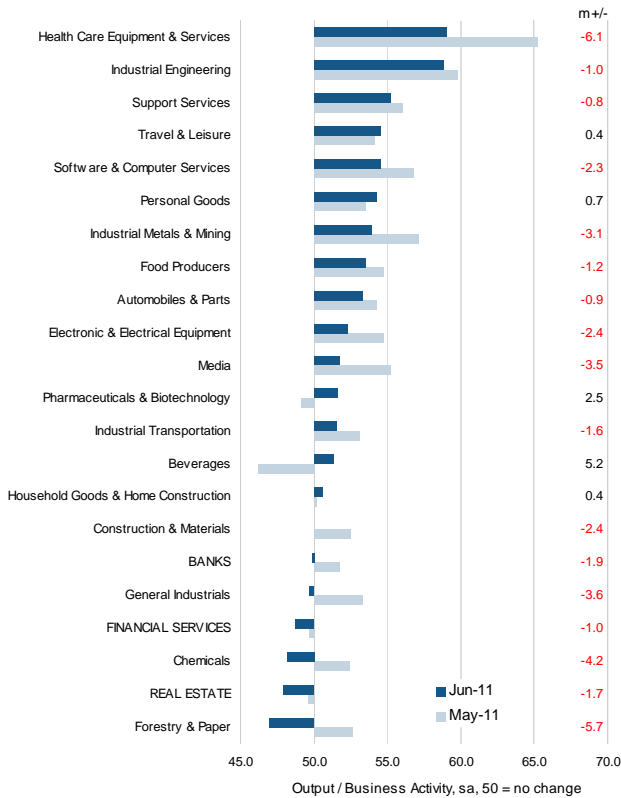
### Banks: Activity vs Business Expectations



### 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. July data will be available on 5 August. For more information, please contact [economics@markit.com](mailto:economics@markit.com).

### EU sectors: June 2011 summary



### 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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