

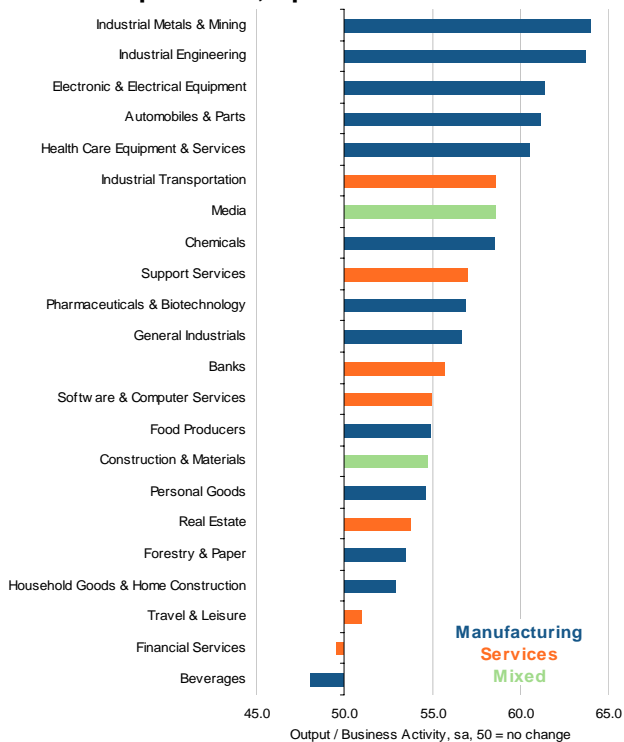
European Union

Broad-based easing in growth and price pressures in April

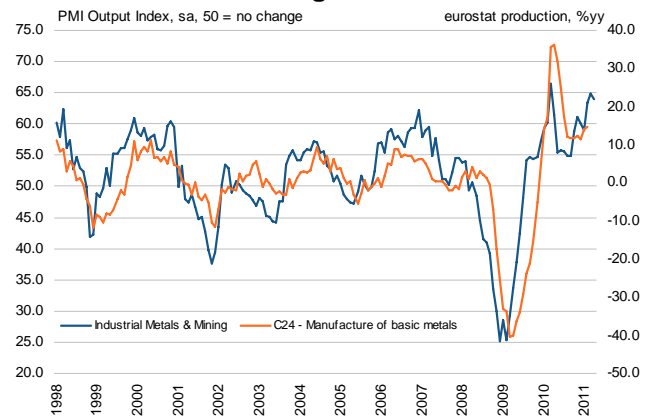
- **Slower rates of expansion seen in more than half of all sectors.**
- **Most sectors registered weaker gains in new orders.**
- **Input price inflation eased in many sectors, but remained elevated.**

The latest European Union PMI detailed sector data showed that rates of expansion slowed in 12 sectors in April, but that business-facing manufacturers typically proved the most resilient. Overall, manufacturing production growth accelerated while services slowed, in a reversal of the trend seen in March. The latest detailed data also signalled that input prices rose at slower rates in most areas at the start of Q2, but that cost pressures nevertheless remained elevated in almost all sectors covered.

EU PMI Output Index, April 2011

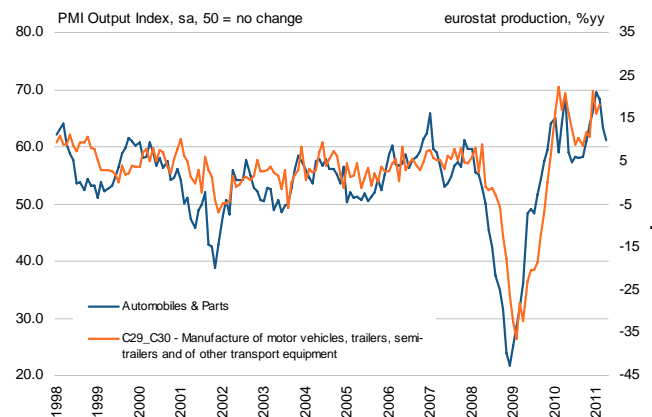


Industrial Metals & Mining



Industrial Metals & Mining remained the fastest-growing sector in April, despite the rate of expansion easing slightly from March's one-year high. The latest PMI data are consistent with basic metal goods production in Europe (as recorded by Eurostat) rising at an annual rate of over 20%.

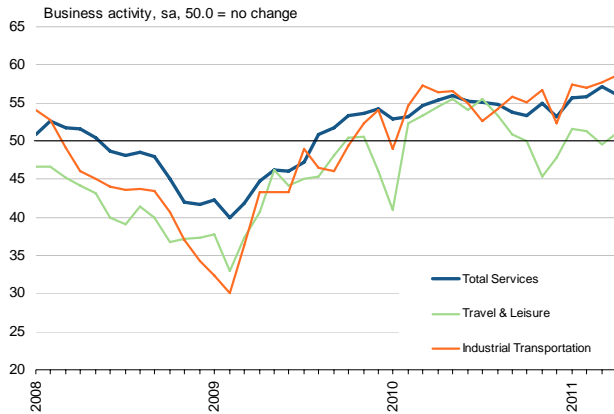
Automobiles & Parts



The EU autos sector posted another sharp rise in output in April, registering the fourth-fastest growth of all 22 sectors. That said, the rate of expansion slowed for the third month running from January's record, with the PMI series consistent with official annual growth of autos output (as recorded by Eurostat) easing to single figures in April. New order data also signalled that this moderating trend would likely continue as the rate of new business growth was the weakest in ten months,

having slowed more sharply than in any other sector in April.

Businesses driving services growth



Of the service sectors covered, business-facing companies continued to see faster growth than consumer-oriented industries. This is well illustrated by the differing activity strength of Industrial Transportation and Travel & Leisure. Over the past six months, business activity in the latter has fallen on average, while the trend rate of expansion in the former is the fastest in nearly four years.

New order intakes easing

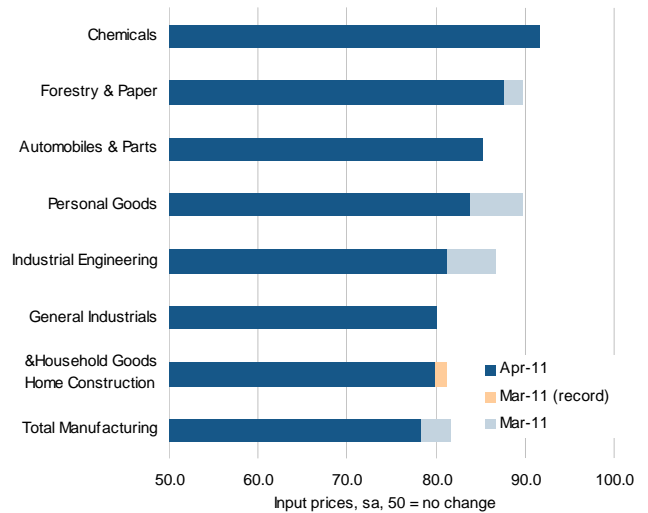
April data for new business suggest that growth of activity in many sectors may ease further in May. New business rose at slower rates in 16 sectors (albeit marginally in many cases), with the steepest moderations seen in Automobiles & Parts, Forestry & Paper and Construction & Materials. Moreover, new business growth has weakened in seven sectors for two or more successive months. New orders were unchanged in Household Goods & Home Construction, while the slowest rates of growth were seen in Financial Services, Construction & Materials and Real Estate.

Cost pressures ease in 15 out of 22 sectors

Input prices continued to rise at elevated rates across the EU private sector economy in April. Rates of inflation remained above long-run averages in all sectors except Real Estate and Financial Services. As has been the case throughout 2011 to date, Chemicals posted the highest rate of input price inflation. The role that commodities have played in the recent build up of cost pressures was evidence, as the ten sectors seeing the highest rates of input price inflation were all manufacturers, while the bottom-five were all service

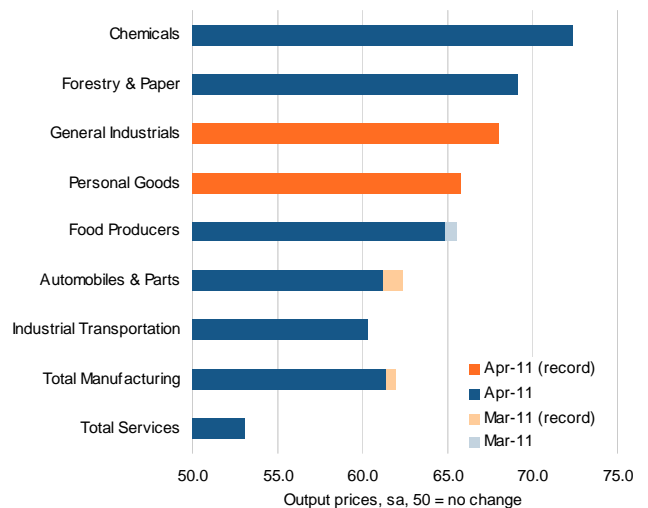
providers. The latest data did signal a broad-based easing of cost pressures, however, as 15 sectors registered weaker rates of input price inflation than in March.

Input Prices Index, April 2011



The pass-through of rising input prices to customers remained widespread in April. Chemicals recorded the fastest rate of output price inflation, while two sectors – General Industrials and Personal Goods – saw record highs in their respective indexes. The fastest rate of selling price inflation among service sectors was posted in Industrial Transportation, reflecting upward pressure on fuel prices. In line with the trend seen for input prices, 12 sectors registered weaker increases in charges compared to March, and one – Financial Services – posted a marginal fall.

Output Prices Index, April 2011



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. May data will be available on 7 June. For more information, please contact 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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