

# European Union

## Sectors: Manufacturers head EU productivity table

### Key findings

- **Productivity rose across all major EU industry groups in November.**
- **Electronics and heavy industries showed strongest gains in output per head.**
- **Consumer goods and services showed slowest improvements in labour productivity.**

PMI data compiled by Markit covering the European Union registered the fastest rise in output per worker across the region since data were first collected in January 1998. Growth was broad-based, with manufacturers and services providers recording improvements in output per head.

### Manufacturing v. services

As has been the case since productivity started rising in May, manufacturers have seen stronger gains than their counterparts in services. That said, the rate of growth in manufacturing labour productivity has stabilised since hitting a record peak over September and October while services labour productivity has continued to improve, to increase at the fastest pace since April 2004 in November.

### Broad industries

Detailed sector data allow comparisons of labour productivity trends across specific industry groups. Using a slightly different methodology\* from the overall EU series\*\*, the latest findings showed that all seven broad industry groups covered (see page 4 for details) posted improving labour productivity in November.

Of all sectors, Basic Materials companies (comprising chemicals, forestry, mining and metals firms) have shown the fastest rate of productivity growth during the whole of the second half of 2009 so far, reflecting a marked rebound in production and a relatively sharp rate of job shedding.

Chart 1: EU Productivity Index

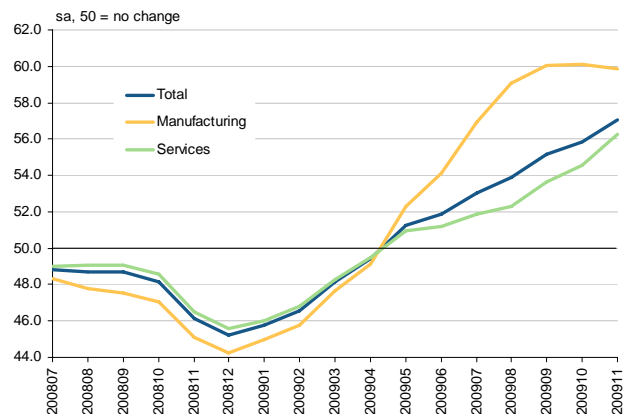
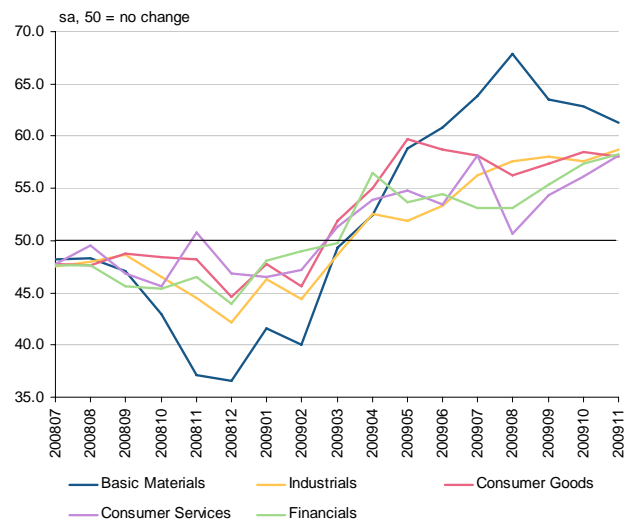


Chart 2: Productivity Index, industry tier



However, the rate of productivity growth has eased since reaching a peak in August.

The Consumer Goods and Consumer Services industries showed the slowest rates of growth of output per worker in November. This reflected particularly weak output growth.

Two industry groups registered record rates of productivity growth in November, namely Industrials and Consumer Services.

## Sectors

Looking at detailed sector performance, Electronic & Electrical Equipment manufacturers recorded the fastest productivity growth in November. Of twenty-two sectors covered, it saw the second-fastest rise in output, but also the fourth-steepest decline in employment. The Health Care Equipment & Services sector registered the second-fastest growth of productivity.

Other strong performers in November were heavy industries, including Industrial Engineering, Forestry & Paper, Automobiles & Parts, General Industrials and Chemicals. Media and Real Estate were the best-performing service sectors.

There was a strong link between high rates of productivity growth and the pace of activity expansion. Of the top-eight ranked sectors for output:labour ratios, six registered in the top eight for activity growth.

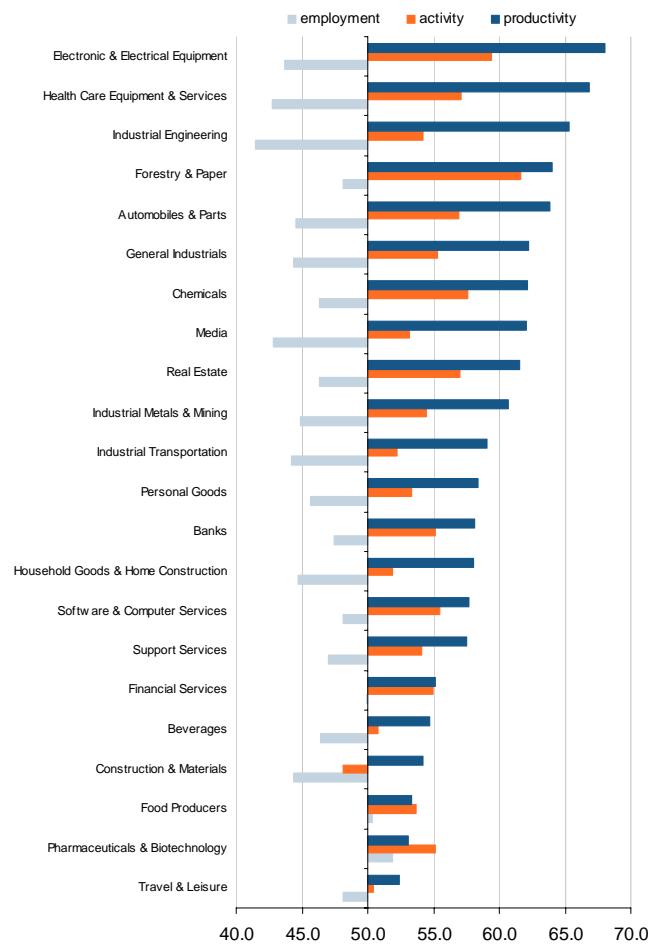
Four sectors registered record rates of productivity growth in November. These included Electronic & Electrical Equipment, Industrial Engineering, Industrial Transportation and Real Estate.

The lowest-ranked sectors generally made the smallest cuts in workforces, or took on more staff. Of the bottom eight sectors in terms of productivity, six were among the eight sectors where employment either rose or fell slowest.

Of the bottom four, Pharmaceuticals & Biotechnology and Food Producers took on more staff during the month. Travel & Leisure posted the slowest rise in activity of all sectors, while Construction & Materials saw a rise in its output:labour ratio despite an overall fall in activity.

EU sector data are released on the fifth working day of each month. December data will be available on 8 January 2010. For more information please contact [economics@markit.com](mailto:economics@markit.com).

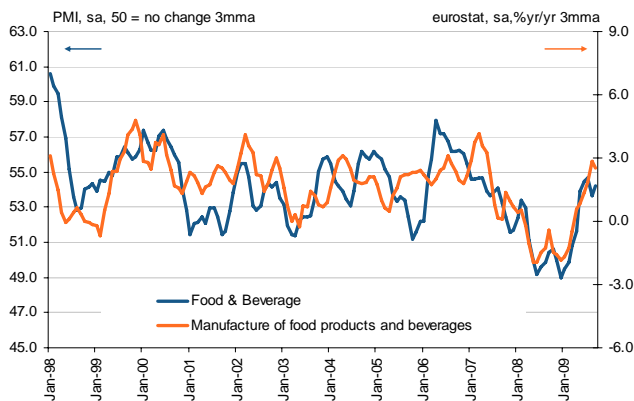
Chart 3: EU sector/supersector tier



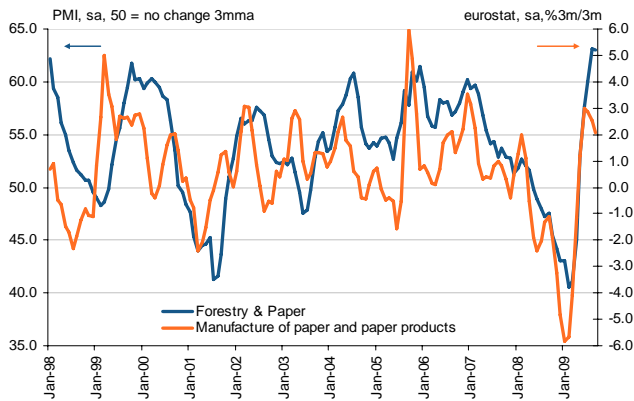
### Comparisons with official data

The following charts plot PMI productivity indexes against official eurostat data on labour productivity (derived from indexes for production and employment). Please note that official industry sectors often do not fully reflect the exact composition of comparable PMI sectors (which are based on the FTSE/Dow Jones Industry Classification Benchmark).

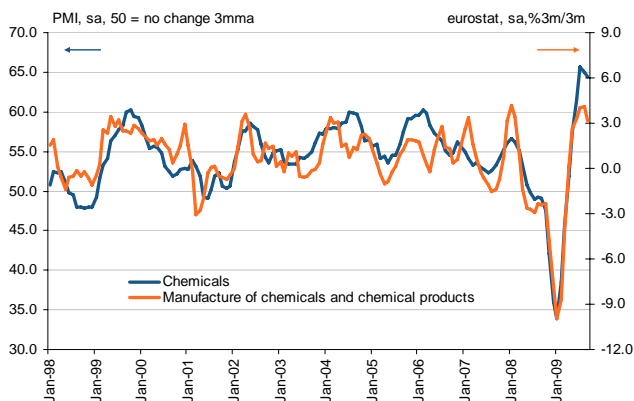
#### Food & Drink



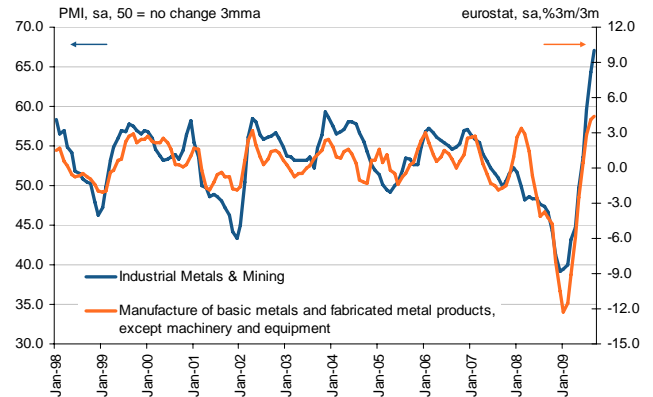
#### Forestry & Paper



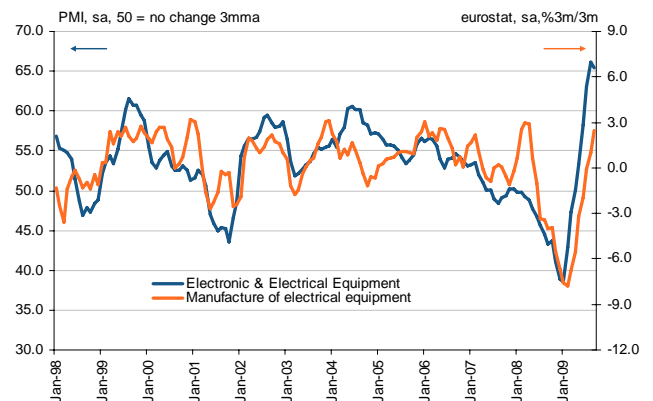
#### Chemicals



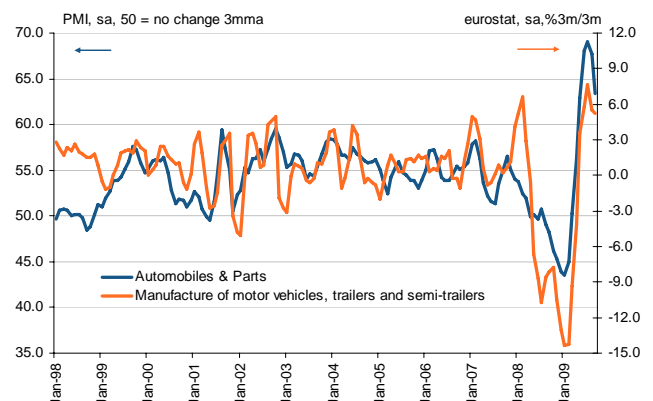
#### Industrial Metals & Mining



#### Electronic & Electrical Equipment



#### Automobiles & Parts



## Markit EU Sector PMIs

Industry	Supersector	Sector
1000 Basic Materials	1300 Chemicals 1700 Basic Resources	1350 Chemicals 1730 Forestry & Paper 1750 Industrial Metals & Mining <i>1770 Mining*</i>
2000 Industrials	2300 Construction & Materials 2700 Industrial Goods & Services	2350 Construction & Materials <i>2710 Aerospace &amp; Defence*</i> 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 <i>3740 Leisure Goods*</i> 3760 Personal Goods <i>3780 Tobacco*</i>
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 <i>8500 Insurance*</i> 8600 Real Estate 8700 Financial Services	8350 Banks   8770 Financial Services
9000 Technology	9500 Technology	9530 Software & Computer Services <i>9570 Technology Hardware &amp; Equipment*</i>

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

\*\*excludes 5300 Retail

\*\*\*excludes 4533 Health Care Providers

\*Detailed sector productivity indices are calculated directly from Markit's EU sector data, by dividing the seasonally adjusted output/business activity index by the seasonally adjusted employment index and then multiplying by 50 to produce a diffusion index. Any figure greater than 50 indicates higher output per worker.

\*\*Total EU productivity data are calculated by analysing the output and employment data for each EU PMI survey panel company to produce a single-figure measure of the rate of change of each company's labour productivity. This information is weighted together according to the respective country and sector contribution to EU gross value added. This figure is then seasonally adjusted.

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