

European Union

Sectors: Winners and losers

Key findings

- **Q2 growth led by Pharmaceuticals and Financial Services.**
- **But auto makers have seen the greatest turnaround in business conditions.**

Trends by sector

Business conditions varied markedly across the 21 detailed sectors covered by the PMI surveys in the European Union in June. Output trends ranged from an increased rate of expansion in Pharmaceuticals & Biotechnology and sustained growth in Financial Services to a steep, and accelerating, rate of contraction in Industrial Engineering.

Four of 21 sectors saw output rise in June

The leading sector in terms of output growth in June was Pharmaceuticals & Biotechnology, which posted a modest increase in output at the same pace as in May (see chart 2), followed by Financial Services (excluding banks and real estate).

These two sectors have shown the most convincing returns to growth following the financial crisis, with output having risen in each of the past three months in both sectors and consequently recording the joint-highest PMI Output Indices reading of all sectors for Q2 as a whole.

Only two other sectors posted an increase in output during the month: Forestry & Paper and Chemicals. Both registered a rise (albeit only very modest) for the first time since April 2008.

Industrial sectors at bottom of ranking

The group of lowest ranked sectors in June was dominated by manufacturing. By far the worst performing category was Industrial Engineering, which registered a substantial pace of contraction that was slightly faster than that seen in May (see chart 3). Production in the sector has declined continuously since June 2008.

Output at Industrial Metals & Mining, Household Goods & Home Construction companies also fell sharply, albeit at slower rates than in May.

Similarly, the Industrial Transportation and Personal Goods sectors both posted well above average contractions of output in June, with rates increasing compared to May.

But auto makers have seen the strongest rebound

When looking at which sectors have seen the greatest turnaround in business conditions, it is auto production that has seen the greatest improvement since the depths of the financial crisis. While continuing to contract in June, the autos sector has seen a 25.7 points increase in its Output Index since last December's low (see table 1). And that even includes a small dip in the sector's Index in June.

Chart 1: Output/Activity growth by sector in June

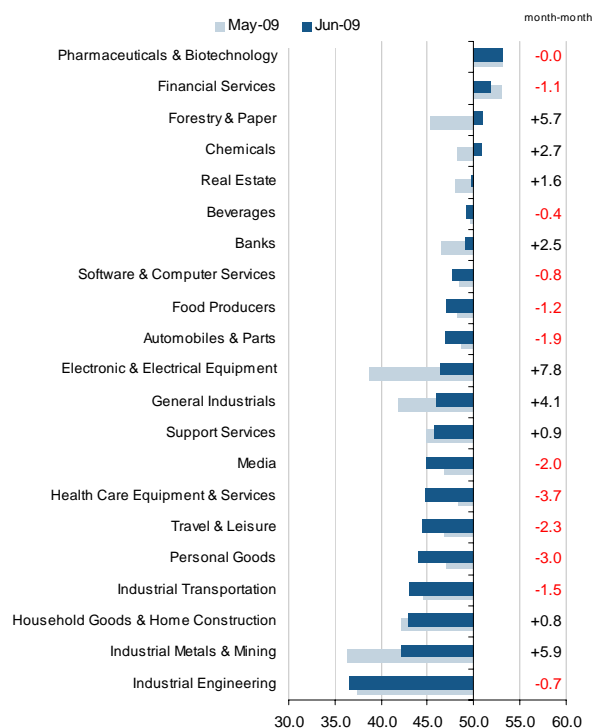


Table 1: Change in Output Index since recent low

Industry	Supersector	Sector	Index change
	Basic Materials		21.1
		Chemicals	25.6
	Basic Resources		18.8
		Forestry & Paper	21.2
		Industrial Metals & Mining	18.2
	Industrials		10.9
		Construction & Materials	11.8
	Industrial Goods & Services		10.4
		General Industrials	13.8
		Electronic & Electrical Equipment	16.6
		Industrial Engineering	8.4
		Industrial Transportation	14.1
		Support Services	5.0
	Consumer Goods		10.9
		Automobiles & Parts	25.7
	Food & Beverage		3.4
		Beverages	11.6
		Food Producers	0.6
	Personal & Household Goods		9.7
		Household Goods & Home Construction	12.2
		Personal Goods	11.3
	Health Care		7.4
		Health Care Equipment & Services	8.0
		Pharmaceuticals & Biotechnology	10.4
	Consumer Services		9.8
		Media	4.8
		Travel & Leisure	11.8
	Financials		11.9
		Banks	12.6
		Real Estate	13.7
		Financial Services	10.8
	Technology		5.8
		Software & Computer Services	5.0

Chart 2: Top 5 Sectors in June

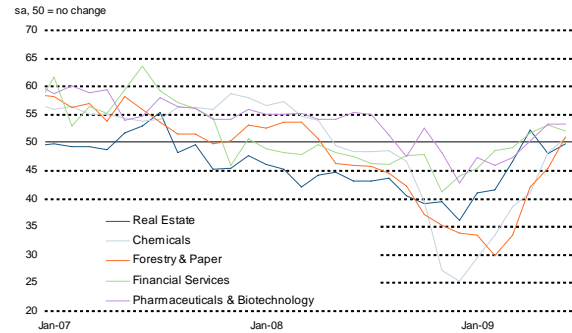
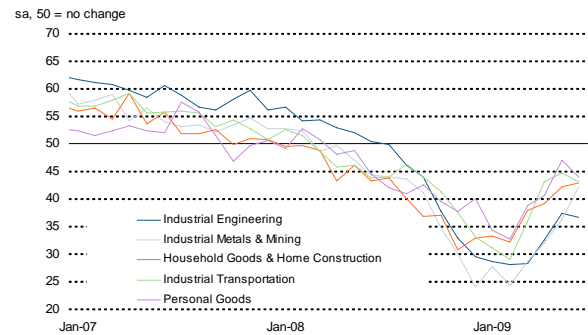


Chart 3: Bottom 5 Sectors in June



EU sector data is released on the fifth working day of each month. July data will be available on 7 August. For more information please contact economics@markit.com

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