

European Union

Sectors: Growth returns to all major industry groups in October

Key findings

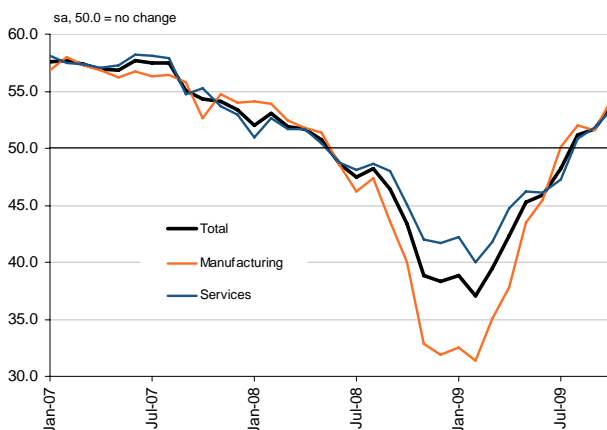
- All industry groups recorded higher activity for the first time in over two years.
- Basic materials continued to lead growth.
- Consumer services activity rose for first time in almost two years.

Activity trends

PMI data compiled by Markit covering the EU manufacturing and service sectors showed an overall increase in activity for the third straight month in October. Moreover, the EU Composite (all-sector) Output Index rose to 53.7, from 51.7, signalling the fastest rate of expansion since November 2007.

Robust increases in business activity were indicated in both manufacturing and services during the month. Both sectors recorded the fastest growth rates for almost two years, with manufacturing production rising at a slightly faster pace than services activity.

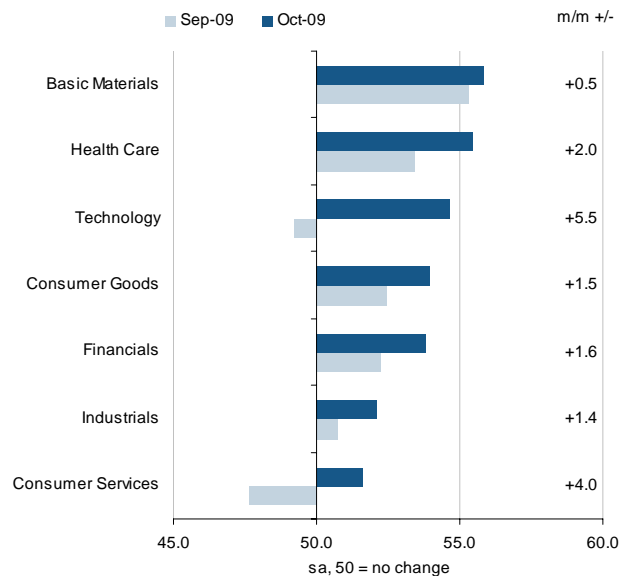
Chart 1: EU Output/Business Activity Index



Detailed sector data, derived from Markit's national surveys covering 11 EU member states, showed that all seven 'industry' groups covered by the manufacturing and services surveys saw growth of business activity in October. This is the first time all major industry groups have registered growth together since August 2007, as Consumer Services and

Technology firms joined the other five industries in enjoying returns to growth.

Chart 2: Output/Activity Index, industry tier



The leading industry in October was Basic Materials, which includes metals, mining, forestry and chemicals firms. It has registered the fastest growth of all industries covered by PMI data for the past four months. The Health Care and Technology industries also performed relatively well, particularly the latter – which posted a marked improvement from September's contraction.

The weakest rate of activity growth was seen in Consumer Services, but the expansion in this industry represented the first increase in activity since January of last year.

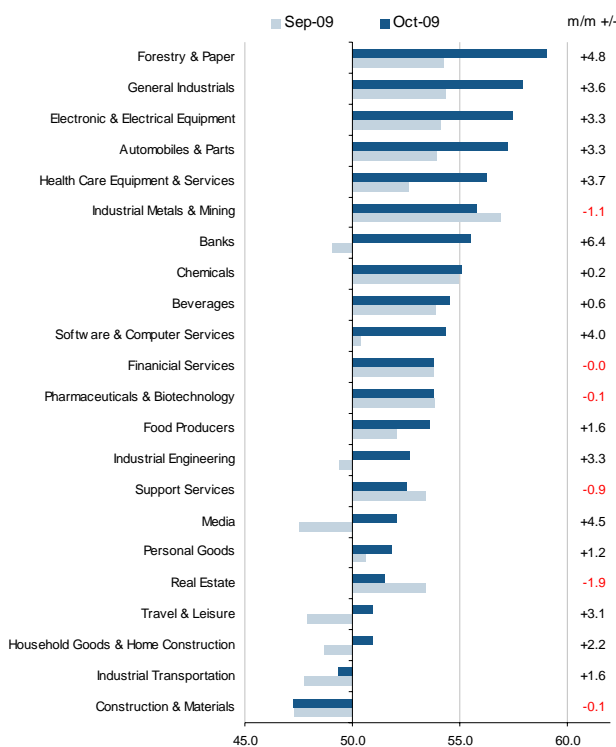
The industry-level data can be broken down further into 'supersector' and 'sector' tiers (see page 3 for further details). October data showed that business activity rose in all sectors except Construction & Materials and Industrial Transportation. In contrast, seven sectors had registered declines one month previously.

The strongest performers in October were Forestry & Paper, General Industrials and Electronic & Electrical

Equipment. Notably, the best-performing service sector was Banks, which posted a rise in activity for the first time since December 2007.

At the other end of the scale, consumer-facing sectors such as Household Goods & Home Construction, Travel & Leisure and Personal Goods posted relatively weak rates of growth. Still, only five sectors (Industrial Metals & Mining, Financial Services, Pharmaceuticals & Biotechnology, Support Services and Real Estate) failed to show stronger increases in activity than in September.

Chart 2: Output/Activity Index, sector/supersector tier

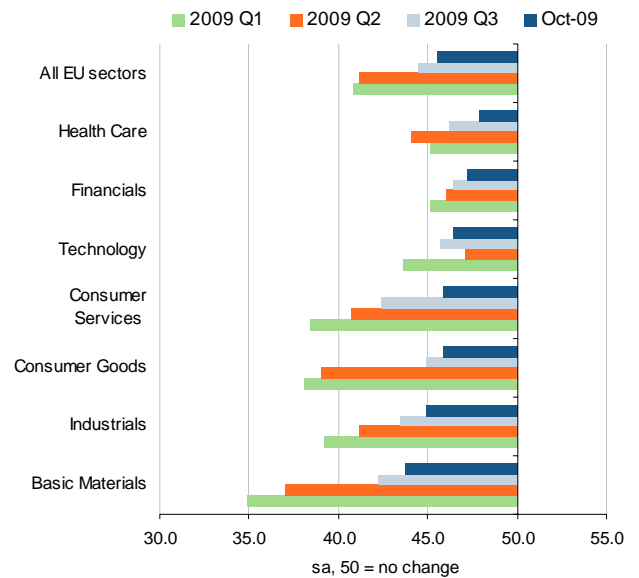


Employment trends

The overall rate of job shedding across the EU private sector eased in October. PMI data have shown that employment has generally fallen more slowly throughout 2009 so far. Looking at quarterly averages of PMI data, weaker quarter-on-quarter falls have been shown across the seven major industry groups, except for Health Care in Q2 and Technology in Q3.

In October, the Health Care industry saw the weakest rate of workforce reduction, followed by Financials. Despite showing the fastest increase in output, Basic Materials posted the steepest fall in jobs. Data at the sector tier showed that only one sector, Financial Services (non-bank), showed growth in jobs in October.

Chart 3: Employment Index, industry tier



EU sector data are released on the fifth working day of each month. November data will be available on 7 December. 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
	8300 Banks	8350 Banks
8000 Financials	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

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