

# European Union

## Sectors: Rebound became more broad-based in August

### Key findings

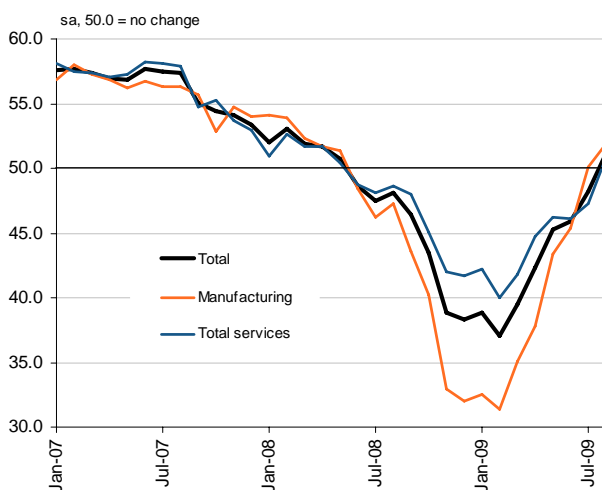
- 13 out of 21 sectors saw output expand in August against 11 in July.
- Services continued to lag manufacturing but pockets of growth recorded.
- Banks posted sharper fall in activity.

### Activity trends

PMI data compiled by Markit covering the EU manufacturing and service sectors showed a month-on-month increase in total private sector activity in August. The EU Composite (all-sector) Output Index rose above the neutral level of 50.0 for the first time since May 2008, to 51.2, indicating modest growth.

Broad sector data showed that manufacturing output rose for the second month running, and at the fastest pace since March 2008. Services activity rose marginally, ending a 14 month sequence of contraction.

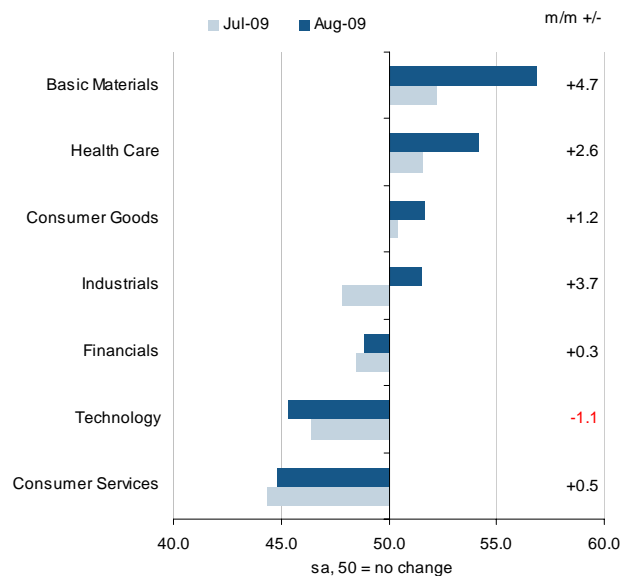
Chart 1: EU Output/Business Activity Index



Detailed sector data allow users to 'drill down' to a greater extent than is possible with the overall PMI series, which are derived from Markit's national surveys. Released on 7 September, the latest sector data at the EU level showed that four out of seven broad industry groups covered saw growth of business

activity in August. In line with the overall trend, manufacturing-related industries drove expansion, while services-oriented sectors lagged.

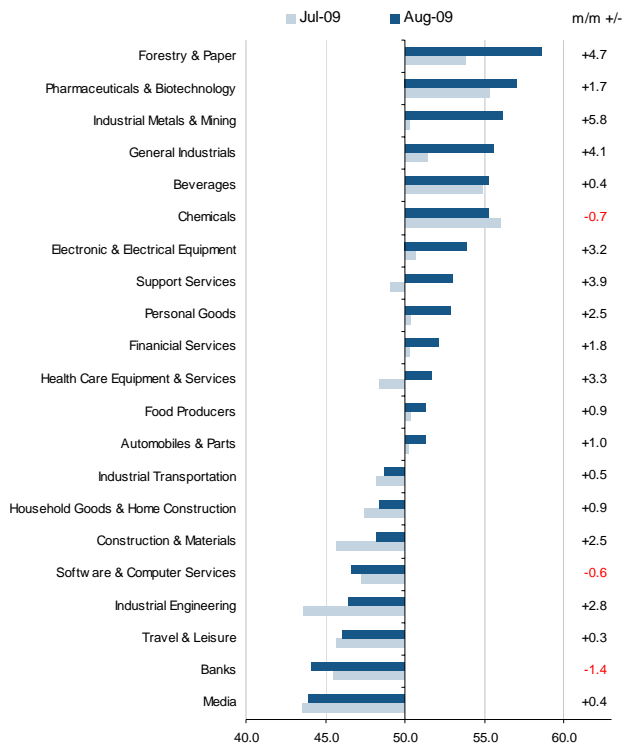
Chart 2: Output/Activity Index, industry tier



Basic Materials posted the fastest rate of output expansion for the second month running of all the broad sectors, followed by Health Care, which was boosted by sharp growth in Pharmaceuticals & Biotechnology (see Chart 3, overleaf). Higher output in Consumer Goods reflected growth in all three of its component sub-sectors (autos, personal & household goods and food & drink).

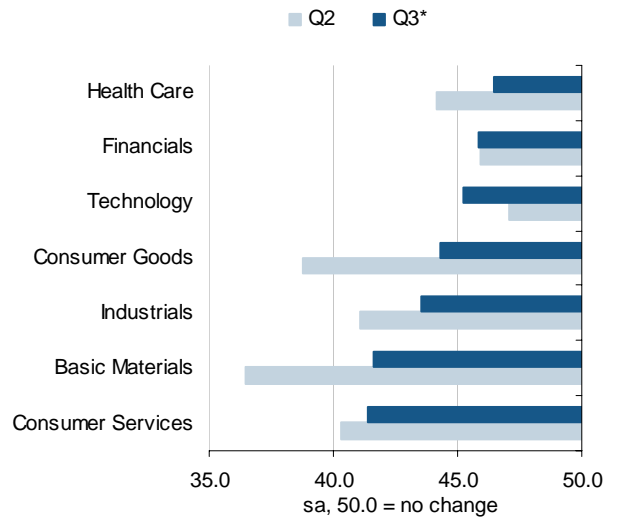
Services data showed shallower rebounds compared to manufacturing. Overall growth of activity was driven by Support Services – a key component of the Industrials group – and Financial Services. However, Banks, Software & Computer Services and Consumer Services (including Media and Travel & Leisure but excluding retailers) all showed further declines.

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



Financials showed slightly faster decreases in headcounts, but the overall rates were weaker than all other industries covered except Health Care.

**Chart 3: Employment Index, industry tier**



EU sector data are released on the fifth working day of each month. September data will be available on 7 October. For more information please contact [economics@markit.com](mailto:economics@markit.com)

**Employment trends**

The overall rate of job shedding across the EU private sector in August was the weakest since last October. It has eased continuously since hitting a PMI survey record in March.

Sector data at the industry tier illustrate the broad-based nature of the easing in the rate of decline in employment. Compared to Q2, five industry groups have posted slower declines in workforces in Q3 so far (based on July and August data only). The most marked improvements have been in the Consumer Goods and Industrials industries. Technology and

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