

Markit EU Sector PMI

Autos sector records sharp turnaround in 2013

- **Automobiles & auto parts posts its best quarterly performance since Q1 2011**
- **Technology also excels in 2013**
- **Healthcare has greatest momentum at year-end**

EU sector PMI® data for 2013 showed a broad-based upturn in economic performance in Europe. One of the year's biggest success stories was **automobiles & auto parts** which, after finishing bottom of the PMI league in 2012 (with the lowest average PMI score for the year as a whole), saw a sharp recovery and boasted the third-best quarterly average of all detailed sectors monitored by the survey in Q4 2013.

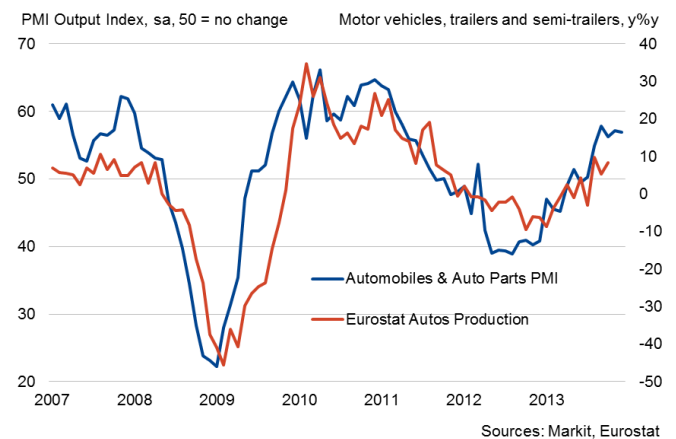
Since bottoming out midway through 2012 (when it posted its weakest quarterly average since the global financial crisis), the PMI Output Index for automobiles & auto parts has been on an upward trajectory and now resides at a level consistent with marked growth in the industry. In fact, when comparing Q4 '12 and Q4 '13 averages, the sector posted the biggest positive swing of the 22 most narrowly defined sectors (see chart 2).

Despite recent growth being high in the context of historical survey data, automobiles & auto parts still maintains some forward momentum heading into the New Year. New orders increased sharply and to the greatest degree in three years in December, leading to a substantial build-up of outstanding business. Job creation, which has until now been muted relative to the trends in output and new business, therefore looks set to pick up.

Strong year for technology

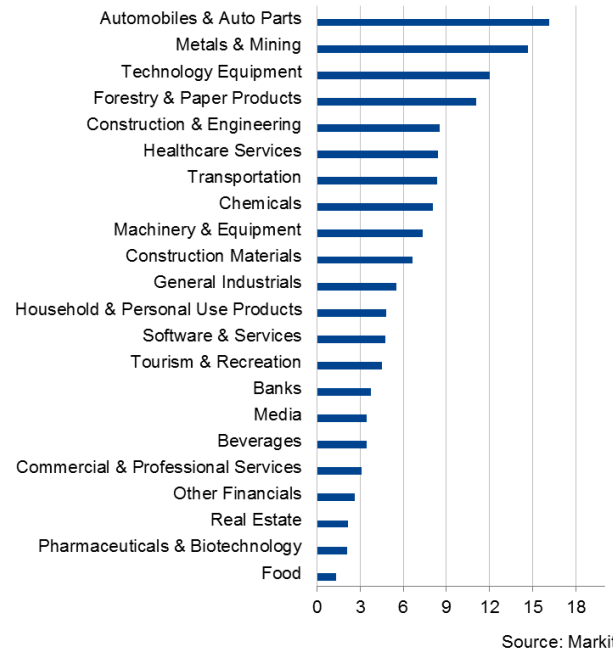
Software & services was another strong performer in 2013, with its average output growth ranked the highest among those sectors monitored by the survey, marginally ahead **technology equipment** (the other sub-sector of the broader **technology** group). Latest data showed a sharp and accelerated increase in business activity at software & services firms, albeit one that was still slower than October's recent record.

1. Sharp improvement in automobiles & auto parts



2. Broad-based upturn in 2013

Output Index, average over three months to Dec'13 - average over three months to Dec'12



Fuelling December's resurgence in growth was a faster increase in new business, which also contributed to a return to solid job creation in the sector.

Technology equipment recorded the third-best improvement in performance in the year from Q4 '12 to Q4 '13, behind automobile & parts and **metals & mining**. Furthermore, having accelerated throughout

the final quarter, output growth at technology equipment firms was the fastest since July 2010 and the strongest overall among the 22 monitored sectors in December.

Other strong performers in 2013 included **food, beverages** and **'other financials'** (the latter includes consumer financial services, speciality financials and investment services). It was to some extent unsurprising to see the staple sectors of food and beverages ranked highly for average output growth. Indeed, they placed first and third respectively in 2012. Growth in other financials surpassed that observed in **banks** and **real estate** and, despite a slight moderation in December, its pace of expansion was by far the strongest of the three at the end of the year.

Late surge in healthcare sector

Somewhat behind the curve, **healthcare services** and **pharmaceutical & biotechnology** hit respective highs in terms of business activity growth in December. The former recorded its most marked expansion in close to six years, while the latter posted output growth of the like not seen since mid-2010. Both also saw robust increases in new business, boding well for the prospects of expansion early in the New Year.

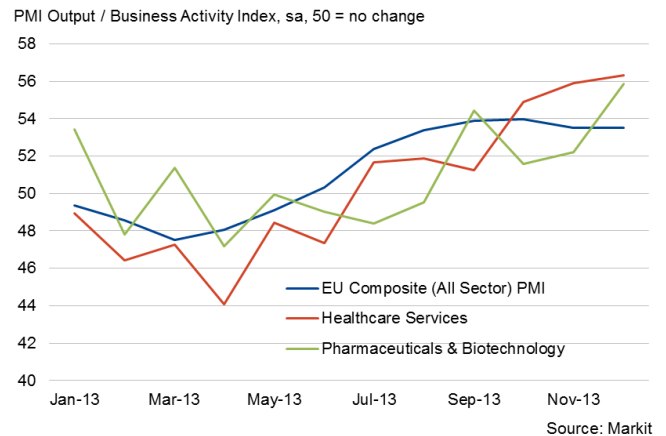
Notes on data

Markit EU Sector PMI data are derived from surveys of over 6,400 companies operating in 11 countries. The data are released on the fifth working day (UK) of each month at 0930 UK time.

The data create powerful insight into sector profitability and provide tools for investment strategy and asset allocation. Corporate users are able to examine trends within industry sectors, to help industry forecasting and inventory planning. The dataset provides monthly indicators of business trends across variables such as output, order books, prices, inventories and employment for eight major groups including: basic materials, consumer goods, consumer services, financials, healthcare, industrials, technology and telecommunication services; and a further 26 sectors and subsectors of those groups.

Detailed historical EU sector data are available via a subscription from Markit, and datasets are also available at the Global level. For further information please contact economics@markit.com.

3. Healthcare ticks up in second half of 2013



Markit EU Sector PMI structure

Groups

- Sectors
- Subsectors

Basic Materials

- Chemicals
- Resources
 - Forestry & Paper Products
 - Metals & Mining

Consumer Goods

- Automobiles & Auto Parts
- Beverages & Food
 - Food
 - Beverages
- Household & Personal Use Products

Consumer Services

- Media
- Tourism & Recreation

Financials

- Banks
- Other Financials
- Real Estate

Healthcare

- Healthcare Services
- Pharmaceuticals & Biotechnology

Industrials

- Industrial Goods
 - Machinery & Equipment
 - Construction Materials
- Industrial Services
 - Construction & Engineering
 - Commercial & Professional Services
 - General Industrials
- Transportation

Technology

- Technology Equipment
- Software & Services

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