

Markit EU Sectors

Technology sector leads EU upturn

- **Software & Services registers fastest overall growth, followed by Technology Equipment**
- **Real Estate underpins modest financials expansion**
- **Flat output trend in Automobiles & Auto Parts**

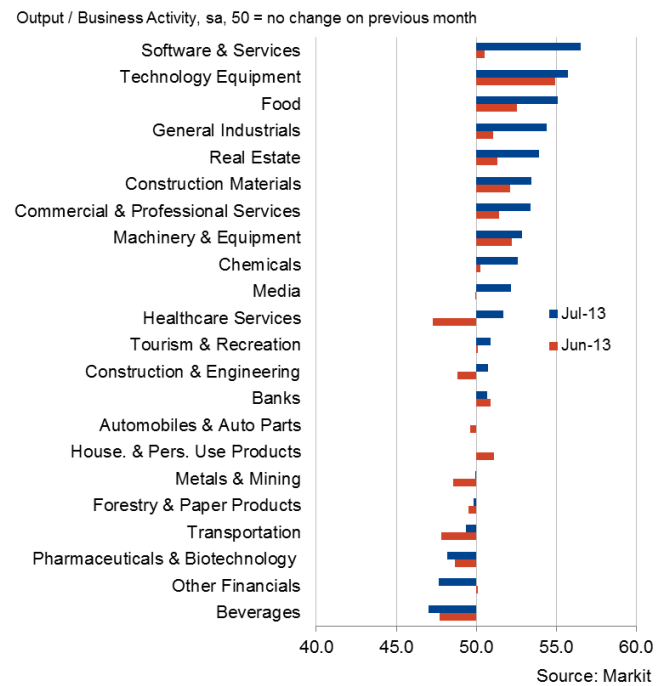
July EU sector *PMI*[®] data from Markit showed accelerated growth in ten of the 22 most narrowly defined sectors monitored by the business survey, led by robust increases in business activity at technology-related firms. There were also returns to expansion for three further sectors, namely **media**, **healthcare services** and **construction & engineering**.

A sharp and accelerated increase in business activity in **software & services** – the most marked since May 2011 – lifted the sector to the top of the PMI league table in July, pushing **technology equipment** down into second place. Growth in software & services was supported by a strong rise in new business. All indicators meanwhile pointed to growing momentum in the technology equipment sector, which recorded growth in output for the third month running and at the fastest pace since February 2011. The level of backlogs rose for the first time in a little under two-and-a-half years, while firms raised employment and selling prices to the greatest extents for 26 and 18 months respectively.

The next best performer in July was **food**, which recorded its steepest rise in output for three years on the back of a third straight monthly rise in new orders. As with technology equipment, data implied a degree of pricing power among food producers, with their charges rising solidly on average since June (and more sharply than any other sector). The performance of the food sector was in stark contrast with that of **beverages**, the output of which fell for the fifth month running and at a faster pace than in June.

July meanwhile saw further expansion in the broad EU

Sector overview



financial sector, but at only a marginal pace. In fact, growth was confined to **real estate** and **banks**, the former of which posted its fastest rise in business activity since March 2011 and underpinned the overall expansion. The banking sector meanwhile recorded the weakest increase in activity in its current four-month spell growth. Elsewhere, **'other financials'** (including consumer financial services, specialty financial services and investment services) posted a notable drop in activity that was the fastest for more than a year, leaving it among the worst performing sectors in July.

The EU **automobiles & auto parts** sector registered no change output in July, following a marginal contraction during the prior month. Jobs were created in the sector nevertheless, suggesting firms were confident of growth returning after a brief upturn in May. A flat trend in production was also observed for **household & personal use products**, confirming a

relatively subdued picture for consumer spending in the EU at the start of the third quarter.

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 EU Sector PMI data provide corporate planners and decision makers, economic analysts, policy makers and investors with a powerful and unique database with which to monitor business cycles by industry. Sector trends over time can be tracked as well as relative performance between sectors, allowing identification of key growth industries and the drivers within them.

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 seven major groups including: basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology; 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.

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Markit EU Sector PMI structure

Groups

- Sectors
 - Subsectors
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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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