

# Monthly Note on Economic Recovery in Manufacturing, Construction and Selected Service Industries



August 2010

## SUMMARY

The latest data show that the rhythm of economic activity is further accelerating and the recovery in manufacturing industry continues, albeit at a moderating pace. Despite global uncertainty industrial confidence improves, but also shows some signs of a slow down.

Data on manufacturing production for June 2010 show growth of some 8% over the previous year and an improvement of some 2% over the last three months. The growth trend in manufacturing production has been positive since April 2009. However, June 2010 seasonally adjusted output was still some 13% below its former peak in early 2008. It also looks as if sectors affected most negatively in the downfall continue recovering the most rapidly in the present upswing. Moreover, the rebound is now also visible in construction which had experienced a very substantial fall of some 16% from its earlier peak. The latest data and forecasts for tourism indicate that the revival is underway in this sector as well.

There is also some room for optimism about the short-term prospects for manufacturing despite a recent slowdown of the output expansion. Economic sentiments remain positive despite worrying information on public debts. Besides, if recovery in EU trade continues, the growth in manufacturing should also follow. Furthermore, the labour market seems to have stabilised and some improvement is visible, already allowing for the phasing out of short-term working schemes and triggering an edging down of unemployment in some countries, as well as some rise in employment, e.g. in Germany.

Nevertheless some factors still suggest that caution is still warranted about the dynamics of the economic recovery. These include the fragile macroeconomic conditions of the eurozone triggered by the sovereign debt problem, as well as uncertainty about fiscal consolidation, as well as subdued private consumption growth. Moreover, countries that suffered from the bursting of real estate bubbles are coming out of the economic crisis somewhat slower than the countries having suffered from a temporary collapse of manufacturing production.

Looking further ahead, there is also still an unresolved risk that the continued limited availability of finance to firms on favourable terms could slow down the economic recovery. As shown in the recent ECB lending survey, increasing demand for loans has not yet been coupled with more favourable lending conditions or higher availability of funding.

## 1. AGGREGATE DEVELOPMENTS

The latest data release for industrial production in the EU27<sup>1</sup> shows that in June 2010 industrial production remained stable whereas **manufacturing production** declined by 0.3% (m-o-m) after having grown by 1.3 and 0.8% respectively in May. Nonetheless, the trend adjusted data show a continuous recovery in both industrial and manufacturing output since the second quarter of 2009. Trend adjusted manufacturing output in June 2010 was 9% higher than during its cyclical trough in April 2009, but still 13% below its peak in February 2008 (see chart 1). In addition, there are also indications that EU27 construction output has finally started to recover after a long period of decline. Overall construction output in June was still more than 12% below its cyclical peak in January 2008, but also over 3% above the trough registered at the beginning of 2010.

After some recent disturbances **confidence surveys**<sup>2</sup> are again showing improvements in most of the sentiment indicators. As a result of sizeable improvements of order books, the industry sentiment indicator increased in August by 1 point in the EU, but remained unchanged in the euro area (see chart 2). The indicator of stocks oscillates around the unprecedentedly low levels reached a few months ago with no clear signs of rebuilding inventories yet. The ambiguous picture is amplified by cautious production expectations (see chart 5). Similarly, the sentiment in construction remained broadly unchanged in both the EU and the euro area, while it improved slightly in the retail sector. On the other hand, after a slowdown in recovery in recent months, confidence among consumers improved markedly in the EU and the euro area, following widely-felt optimism about the general economic situation as well as further considerable easing of unemployment fears. As a result, the overall Economic Sentiment Indicator improved slightly in the EU in comparison to the previous month and is now above its long-term average level.

The Markit PMI Eurozone Index registered a small fall in August signalling a slight loss in

growth momentum over the month. Despite this fall the index is still above its long-term average indicating ongoing robust expansion. The individual PMI surveys indicate that both manufacturing and services reported an increase in output, with manufacturing leading the way.<sup>3</sup>

Furthermore, DG ECFIN survey data for the third quarter of 2010 indicate an increase in EU manufacturing **capacity utilisation** by 1.5 percentage points to a level of 77.1%. It is a substantial recovery from its record low of 70.2% in the third quarter of 2009, but still below the long-term average (1990-2008) of 81%.

Data on **order books**<sup>4</sup> continue to show a sustained recovery since the first quarter of last year when their lowest point was reached. On a monthly basis new orders in EU27 increased by 2.4% in June 2010, following an even higher rise of 4% in May. They now have reached a level over 27% higher than in April 2009 when the cyclical trough was registered. The general trend indicates that export orders have been rising distinctively faster than domestic orders (32% and 17% respectively since their low point in spring 2009) indicating a recovery of demand within the Single Market being more subdued than the demand from outside the EU.

In May 2010 **EU manufacturing exports** were some 25% higher in value terms than a year earlier. In general a clear upward trend in external trade volumes is visible, despite some volatility (see chart 3). The recovery of intra-EU trade, although it gained momentum in recent months, is still less profound than the recovery of extra-EU exports. In the last three months up to May 2010 intra-EU exports rose by 11% whilst extra-EU exports up to June 2010 increased by 16.2% compared to the same period a year ago. World trade outside Europe has been recovering even more rapidly. In the three months up to June 2010, world trade imports outside Euro area were 3% higher than in the previous three months and are now close to their pre-crisis level having recovered 25% of volumes since their cyclical trough reached in

<sup>1</sup> Industrial production includes the output both of manufacturing and energy industries.

<sup>2</sup> DG ECFIN, *Business and Consumer Survey Results*, August 2010.

<sup>3</sup> Markit, *Markit Flash Eurozone PMI*, News Release, 23/08/2010.

<sup>4</sup> Eurostat, *Industrial new orders up by 2.5% in euro area*, News release 24/08/2010.

the first quarter of 2009.<sup>5</sup> The persistent gap between the recovery of world trade and extra-EU exports partly reflects the composition of world demand, particularly concentrated in China and other Asian economies.

## 2. RECENT DEVELOPMENTS IN SELECTED SECTORS

An analysis of developments in **manufacturing sectors** in the last three months to June 2010 (see chart 7b) shows that production is now recovering in the majority of sectors. The highest increases have been in basic metals, followed by fabricated metal products and electrical equipment industries. Recovery is now prominent in all industries but beverages and furniture. The strongest growth rate was registered in particular in capital and intermediate goods sectors where initial decline had been the highest. Therefore, output (and capacity utilization) in these sectors remains still significantly below its levels from before the onset of the crisis.

Data on **new orders** show that basic metals have seen the most substantial improvement orders since the first quarter of 2009. They rose by more than 60%. Also mechanical engineering and motor vehicle production have registered a significant recovery of over 25% since the trough. Orders in the wearing apparel sector, on the other hand, are still falling. Recent months have also seen a steep recovery in **exports** from most sectors. In May 2010, exports compared to a year earlier were up by over 70% in motor vehicles, by over 35% in refining, and by around 30% in basic metals and rubber sectors. Only exports of textiles continued to fall, declining by 11% in value terms over the same period.

The most recent data on construction output in the EU27 show that compared to a month earlier seasonally adjusted production rose by 3.5% in June 2010 after a small decline in May.<sup>6</sup> Taking a slightly longer-term perspective, output in the EU grew by 4.8% in building construction and by 2.6% in civil engineering in the last three months to June 2010. These figures show that construction output as a whole has started to recover.

<sup>5</sup> CPB, *World trade monitor: June 2010*, 25/08/2010

<sup>6</sup> Eurostat, *Construction output up by 2.7% in euro area*, News release, 18/08/2010.

The latest report of the European Travel Commission for the first quarter 2010 indicates that Europe is now experiencing a recovery in travel from its low points last year. However, the data for this year show mixed results with nearly as many countries posting visitor declines as increases. International visits are barely positive in the first quarter, but industry data for aviation, lodging, and expectations show a modest upward recovery. Part of the reason for the halting recovery is the Icelandic volcano ash cloud which affected 6 million European travellers in April and May, costing European airlines and destinations US €1.7 billion in net sales. Nevertheless, hotel occupancy rates through May indicate recovery is taking place across the region.<sup>7</sup> Tourism Economics projects modest growth in international travel to European destinations this year. After a 6% decline in visits last year, international visits are expected to grow roughly 3% in 2010.<sup>8</sup>

## 3. EMPLOYMENT AND PRODUCTIVITY DEVELOPMENTS

The latest available **employment** data show signs of stabilisation with employment reductions continuing to ease since the middle of last year. In the first quarter of 2010 employment contracted only by 0.2% in comparison to the previous quarter. Nonetheless, employment, at 220.5 million, was still down by 3.5 million (1.5 %) compared to a year earlier, reflecting marked declines in construction and industry. However, in some countries such as Germany, labour shedding seems to get reversed and employment edges up.

The **unemployment** rate in EU27 in July 2010 remained unchanged at 9.6% corresponding to 23.1 million persons without jobs. The unemployment rate for the EU has remained stable since February. Compared to a year earlier, unemployment increased by 1.1 million and was 7.2 million (or 45 %) higher than in March 2008, when unemployment was at a low. The year-on-year rise narrowed to 0.7 percentage points (pps), although at 9.6% the July unemployment rate is still 2.9 pps above the low of 6.7 % in spring 2008. In the euro area, the

<sup>7</sup> European Travel Commission, *European Tourism in 2010: Trends & Prospects (Q2/2010)*, July 2010

<sup>8</sup> UNWTO, *World Tourism Barometer*, June 2010

seasonally-adjusted unemployment rate registered in July 2010 also remained unchanged at 10.0%.<sup>9</sup>

**Employment in manufacturing** fell by 7% over the year to the first quarter of 2010 i.e. by over 2.4 million jobs. Manufacturing thus accounted for more than two third of total job losses, compared with its share of some 16% in total employment. Overall, since its cyclical peak of the first quarter of 2008, jobs in manufacturing were 11.8% lower in the first quarter of 2010, with the sharpest falls of around or even more than 20% recorded in industries like textiles, furniture and wearing apparel (see table 5). Preliminary Eurostat data on overall hours worked show them 11.4% down in the corresponding period. The two indicators have been juxtaposed in chart 4 which shows also the use of short-term working across various industrial sectors. The latest data show that in the first quarter of 2010 short-time working was less frequently applied than in the previous quarters in 2009. The only exception was construction, where harsh winter conditions might have triggered a temporary but strong reduction of working hours.

It seems that the worst of employment loss in manufacturing is already behind us. Labour input in total hours worked has fallen only slightly in recent quarters. Besides, the divergence between output loss and the reduction in hourly inputs has now broadly converged in aggregate and in the majority of sectors. The main exceptions are in the machinery and equipment, fabricated metal products and automotive sectors in which the current fall in output is considerably greater than the reduction in employment (see chart 6).

Following the recent dynamic growth in output, manufacturing **productivity per hour** increased in the first quarter by 3.7% compared to the last quarter of 2009. In the first quarter of 2010 it was still 4.5% below its value at its peak in 2008, but considering the current pace of output growth (around 3% on a three-monthly basis) and stabilisation of employment one might assume that the productivity gap with the previous peak should be substantially reduced in the second quarter.

<sup>9</sup> Eurostat, *Euro area unemployment rate stable at 10.0%*, Press release 31/07/2010.

#### 4. COUNTRY-SPECIFIC DEVELOPMENTS

Seasonally adjusted data show that in June 2010 industrial production in the EU27 remained stable compared to a month earlier after having grown for three consecutive months. Especially the production of durable consumer goods fell by 0.8% from the prior month, when it rose by 2.5%. Nonetheless, on a yearly basis the production rose by 7.7%. Industrial production rose y-o-y in all the Member States for which data are available, except Greece (-5.5%). The highest increases were registered in Slovakia (+23.9%), Estonia (+20.7%), Finland (+14.1%) and Latvia (+13.3%), and the lowest in Spain and the United Kingdom (both +3.0%).<sup>10</sup>

The yearly increase in **industrial production** continued to be driven by demand for intermediate goods. In June 2010, production of intermediate goods grew significantly by 11.2% (y-o-y) in the EU27, whereas capital goods gained 8.6%. Output of durable and non-durable consumer goods also increased – by 7.6% and 3.0% respectively. A number of factors are contributing positively to these latest output figures, in particular increasing new orders and reviving exports, thanks to a weaker euro and a recovery in global demand for investment goods. On the other hand, persisting high unemployment and relatively low consumer confidence negatively impacted on demand for consumer goods.

On an annual comparison, the latest available data on activity in the **construction industry** (see table 3) show some signs of recovery at the EU level. In June 2010, EU27 construction output was 5.4% above its level a year earlier, as compared to negative values in May and April, when output was respectively 2.8% and 2.9% below the level a year before.<sup>11</sup> Among the 14 countries for which data are available for June 2010, construction output rose in eight and fell in six. The highest increases were registered in Romania (+16.5%), Spain (+7.2%) and Poland (+4.5%), and the largest decreases in Hungary (-2.3%), the Netherlands (-1.8%) and Slovenia (-1.6%).

<sup>10</sup> Eurostat, *Industrial production down by 0.1% in euro area*, News release 12/08/2010.

<sup>11</sup> Eurostat, *Construction output up by 2.7% in euro area*, News release, 18/08/2010.

There are also significant differences in the increase of **unemployment rates** among the Member States. In July 2010 compared with a year ago, three Member States recorded a fall in the unemployment rate, two remained stable and twenty-two showed an increase. Falls were observed in Austria (5.1% to 3.8%), Malta (7.3% to 6.5%) and Germany (7.6% to 6.9%). The highest increases were registered in Latvia (13.5% to 20.1% between the first quarters of 2009 and 2010) and Lithuania (11.2% to 17.3% between the first quarters of 2009 and 2010).<sup>12</sup>

## 5. ACCESS TO FINANCE

The annual growth rate of loans to non-financial corporations remained in negative territory in July (at -1.3%), although it is less negative than in June and May. In July a monthly outflow was recorded, mostly driven by short-term and medium-term loans. On a three month average basis, though, loans seem to have stabilised (see chart 8). It is worth emphasising that real loans to non-financial corporations tend to lag economic activity by about one year. A current somewhat delayed recovery in the annual growth rate of real loans to enterprises might be a result of the uneven recovery across countries and economic sectors and the ability of firms in some sectors to make increasing recourse to internally generated funds or to market-based funding, which has been strong over the last 12 months.<sup>13</sup>

As regards loans to enterprises in the second quarter of 2010, euro area banks reported an increase in the net tightening of **credit standards**. Thereby the downward trend in net tightening, which came to a halt in the first quarter of 2010, was reversed in the second quarter. Across firm size, the net percentage of credit standards increased by a broadly similar degree for loans to small and medium-sized enterprises (to 14%, compared with 4% in the first quarter of 2010) and loans to large firms (to 12%, against 3% in the first quarter). This means that contrary to what could be expected, the market for SME loans has not reached a turning point. Furthermore, looking forward, euro area banks anticipate credit standards on loans to enterprises to tighten somewhat in the third quarter of 2010.<sup>14</sup>

Renewed constraints in banks' access to funding and liquidity management are reported as key factors underlying the tighter credit policy. Indeed, in the second quarter of 2010, negative spill-over effects from the sovereign debt crisis appear to have worsened banks' ability to obtain funding. In particular, banks reported that access to wholesale funding became more difficult compared with the first quarter.

The rise in **interbank lending rates** seems to confirm the uncertainty in lending markets. The three-month euribor, a closely-followed rate at which banks lend to each other, rose to 0.904%, its highest since July 2009. The bank lending rate has jumped by about a third since the start of May. This has however been described by ECB as a return to more normal market conditions.<sup>15</sup>

While credit supply conditions deteriorated, the July 2010 ECB Bank Lending Survey results pointed to a gradual improvement in the net demand for loans in the second quarter of 2010, being only slightly negative for loans to enterprises (-2%, compared with -13% in the first quarter of 2010). Banks, however, had expected net demand for loans to enterprises to be positive in the first quarter of 2010. The most important reason for the improvement in net demand for loans by enterprises was a less negative contribution from factors such as fixed investment (-23%, after -32% in the first quarter of 2010) and mergers and acquisitions (at -7%, after -18% in the first quarter of 2010).<sup>16</sup>

Looking forward, banks expect increased demand for loans. On a net basis, 29% of the banks surveyed (up from 21%) expect loan demand from enterprises to increase in the third quarter of 2010, to a larger extent among SMEs (33% in the third quarter of 2010) than among large firms (19%).<sup>17</sup>

As regards SMEs' access to **venture capital**, the early-stage investment segment recorded further declines in the second quarter of 2010, with deal flow dropping by 20% compared to Q1 from 60 deals to 48, by far the lowest total over the sample period and the third consecutive quarterly fall (see chart 9). Value held up slightly better over the quarter, dropping by 4%

<sup>12</sup> Eurostat, *Euro area unemployment rate stable at 10.0%*, News release 31/08/2010.

<sup>13</sup> ECB, *Monthly Bulletin*, August 2010

<sup>14</sup> ECB, *The Euro Area Bank Lending Survey*, July 2010.

<sup>15</sup> Financial Times, 5 August 2010.

<sup>16</sup> ECB, *The Euro Area Bank Lending Survey*, July 2010.

<sup>17</sup> *ibid.*

from €258 million in Q1 to €247 million and roughly equalling the total witnessed in the final three months of 2009.<sup>18</sup>

The economic crisis has clearly taken a toll on the sector. Due to the current economic uncertainties many angel investors and venture capital funds are shunning new investments and are attending to their current portfolio of companies. Year-to-date numbers reveal the full extent of the slide witnessed thus far in 2010, with the totals for the six months to June dropping from 143 deals worth €91 million in 2009 to 108 deals worth €05 million. With liquidity for early-stage investors remaining scarce and exits proving hard to come by, investment levels could remain stubbornly low for some time yet.<sup>19</sup>

Twenty-one of the forty-eight early-stage deals were accounted for by investments into businesses within the wider healthcare sector. UK has been the most active country with 13 deals followed by Germany with 11 deals.<sup>20</sup>

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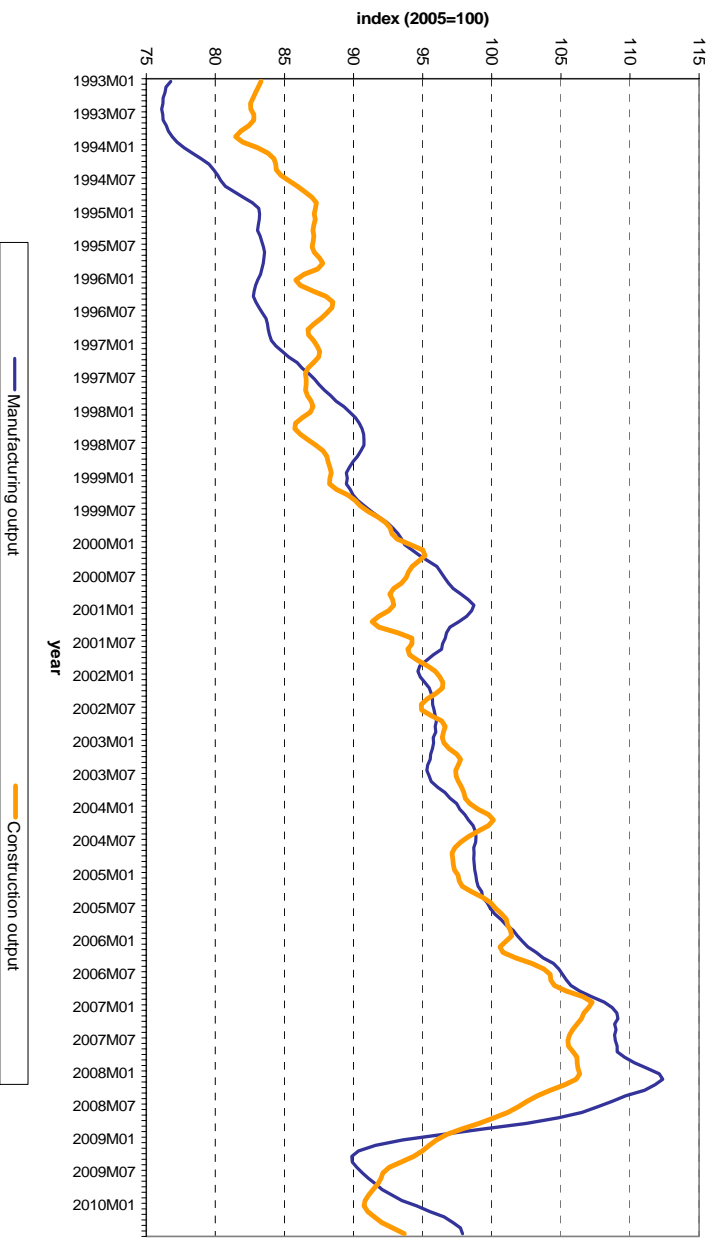
<sup>18</sup> Unquote” *Private Equity Barometer, Q2 2010*, July 2010.

<sup>19</sup> *ibid.*

<sup>20</sup> *ibid.*

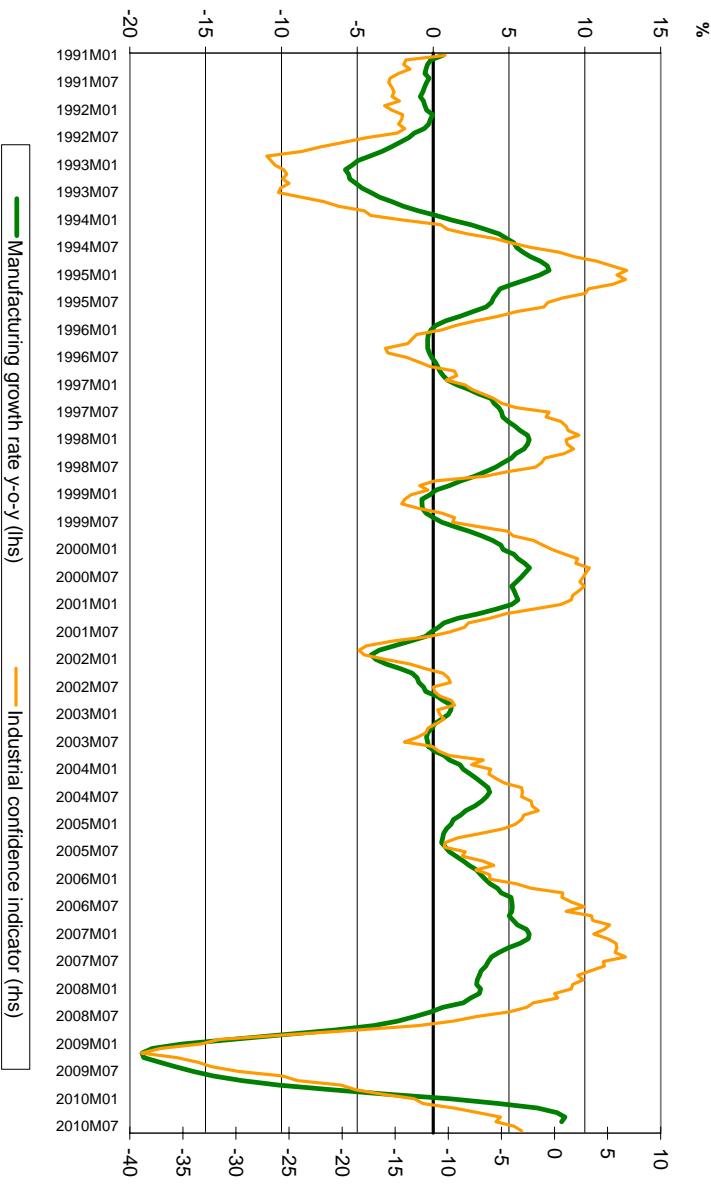
## Annex

**Chart 1: EU27 manufacturing production index (2005=100)**



Source: Eurostat

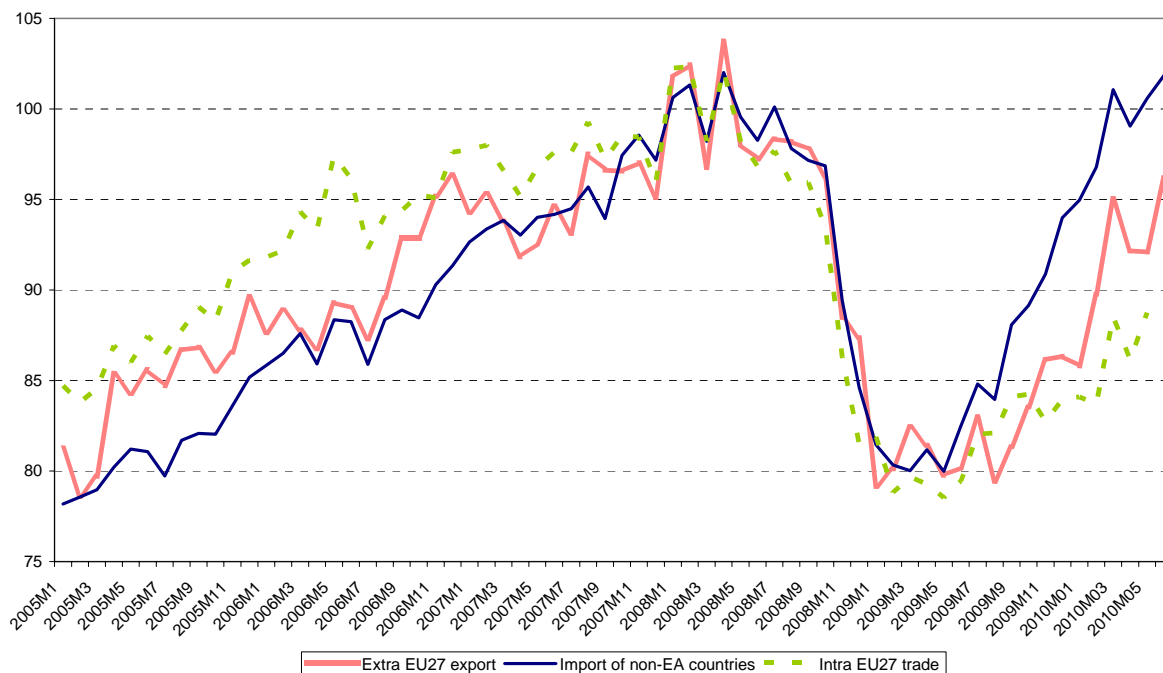
**Chart 2: EU27 manufacturing production growth and industrial confidence**



Source: Eurostat and DG Economic and Financial Affairs

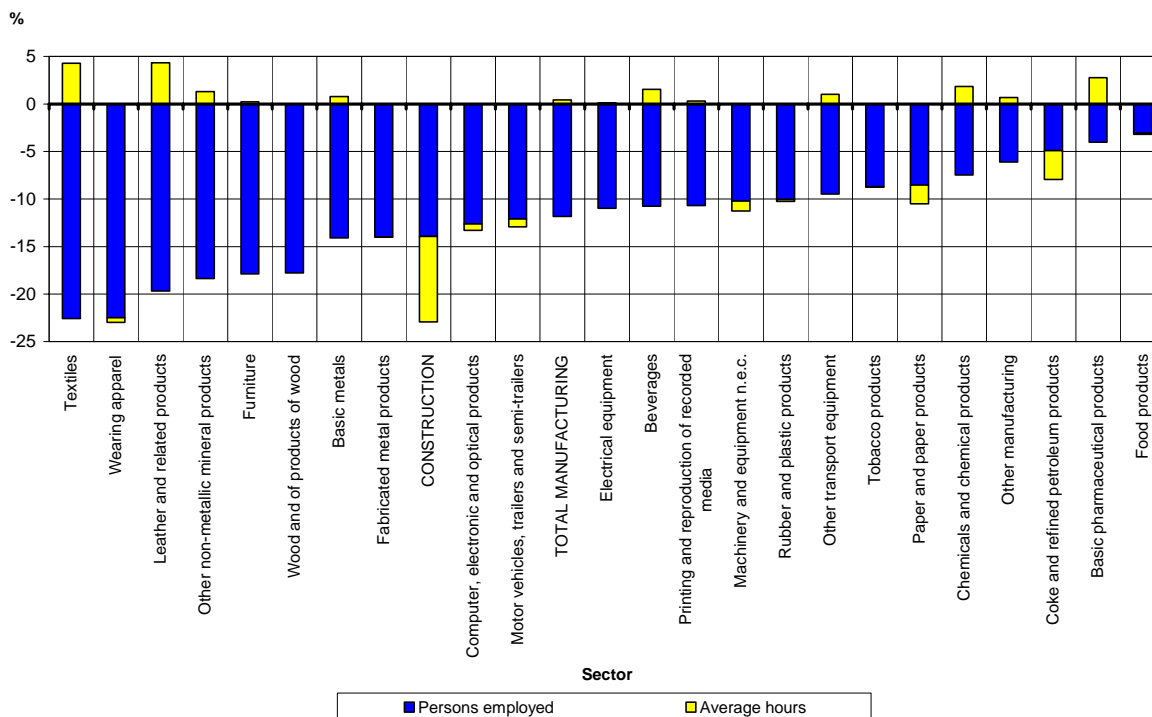


**Chart 3: World trade (imports of non-EU countries), extra-EU exports and intra-EU trade (index in volumes, seasonally adjusted, H1/2008=100)**



Source: Eurostat and Netherlands CPB

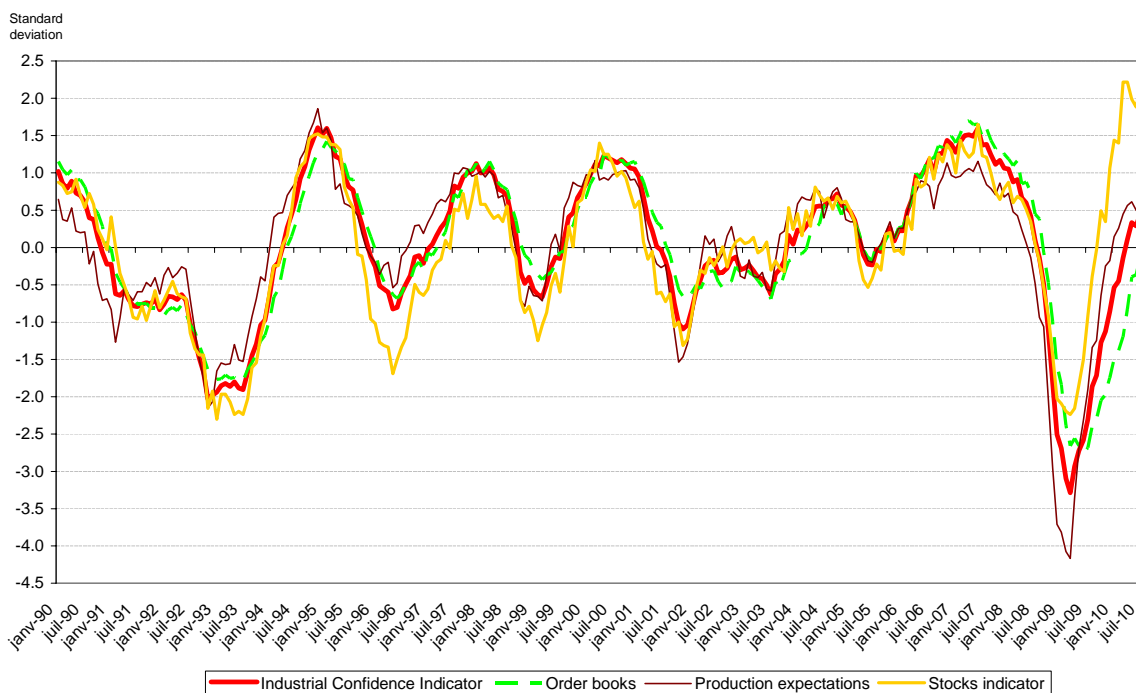
**Chart 4: Breakdown of change in overall hours worked into employment and average hours - fourth quarter of 2009 (seasonally adjusted)**



The length of each bar represents the change in overall hours worked, decomposed into the change in employment and the change in average hours per employee in comparison to the Q1 2008

Source: Preliminary data, Eurostat

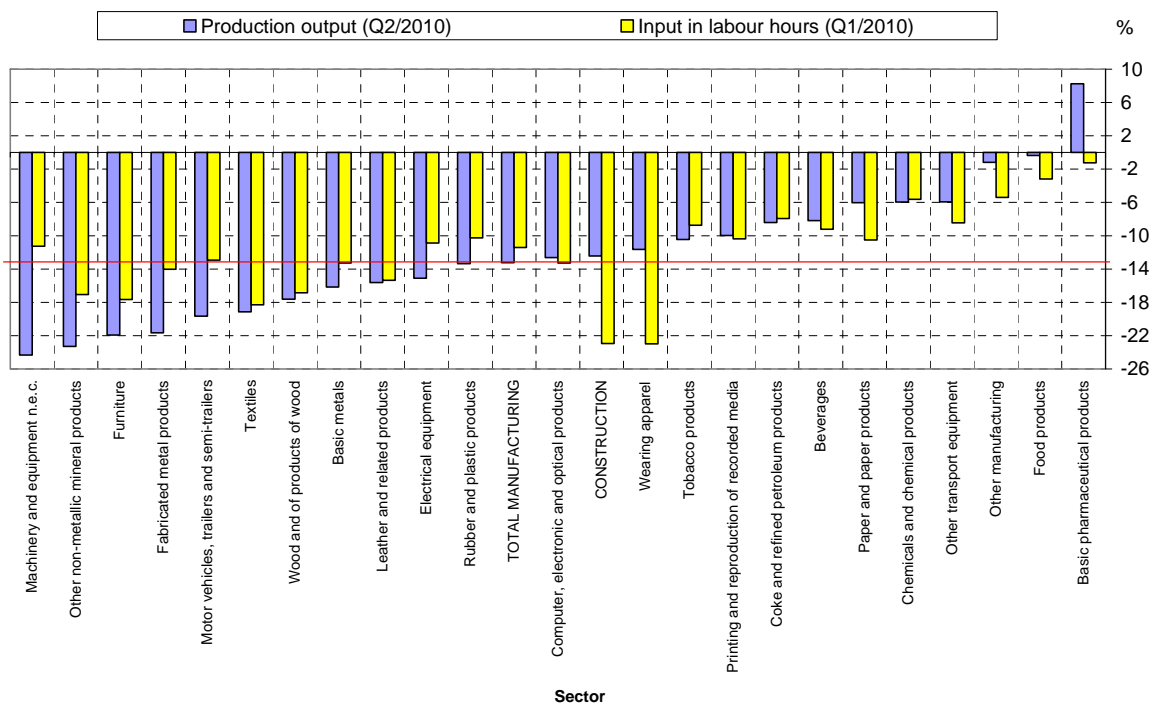
**Chart 5. Industrial confidence indicator and its components – standardised values**



The chart shows fluctuations of indicators around their long term average. Stocks indicator has reversed values to those of DG ECFIN stocks of finished products indicator.

Source: DG ECFIN

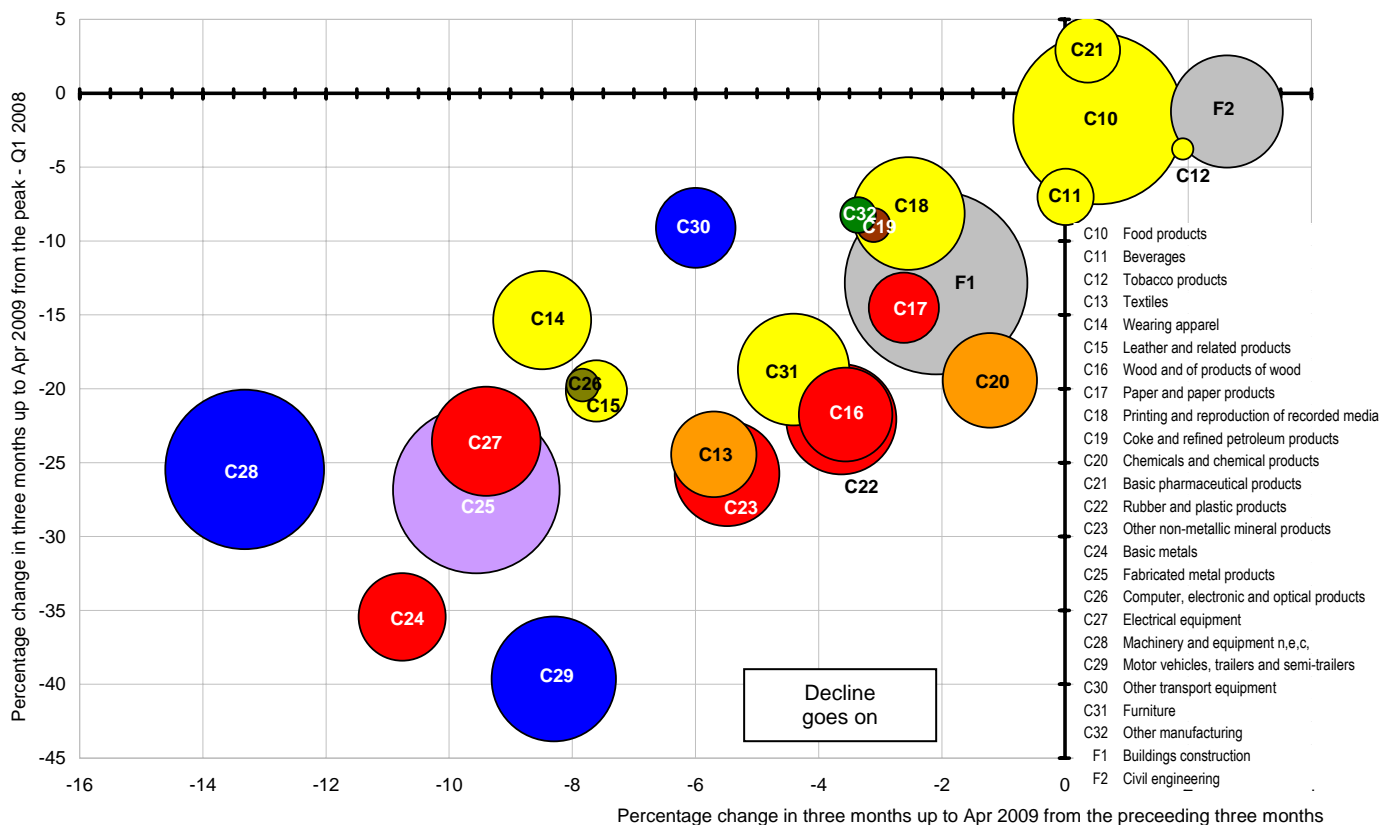
**Chart 6. Sectoral manufacturing output and employment developments**



Percentage change, latest data compared to cyclical peak (Q1/2008)

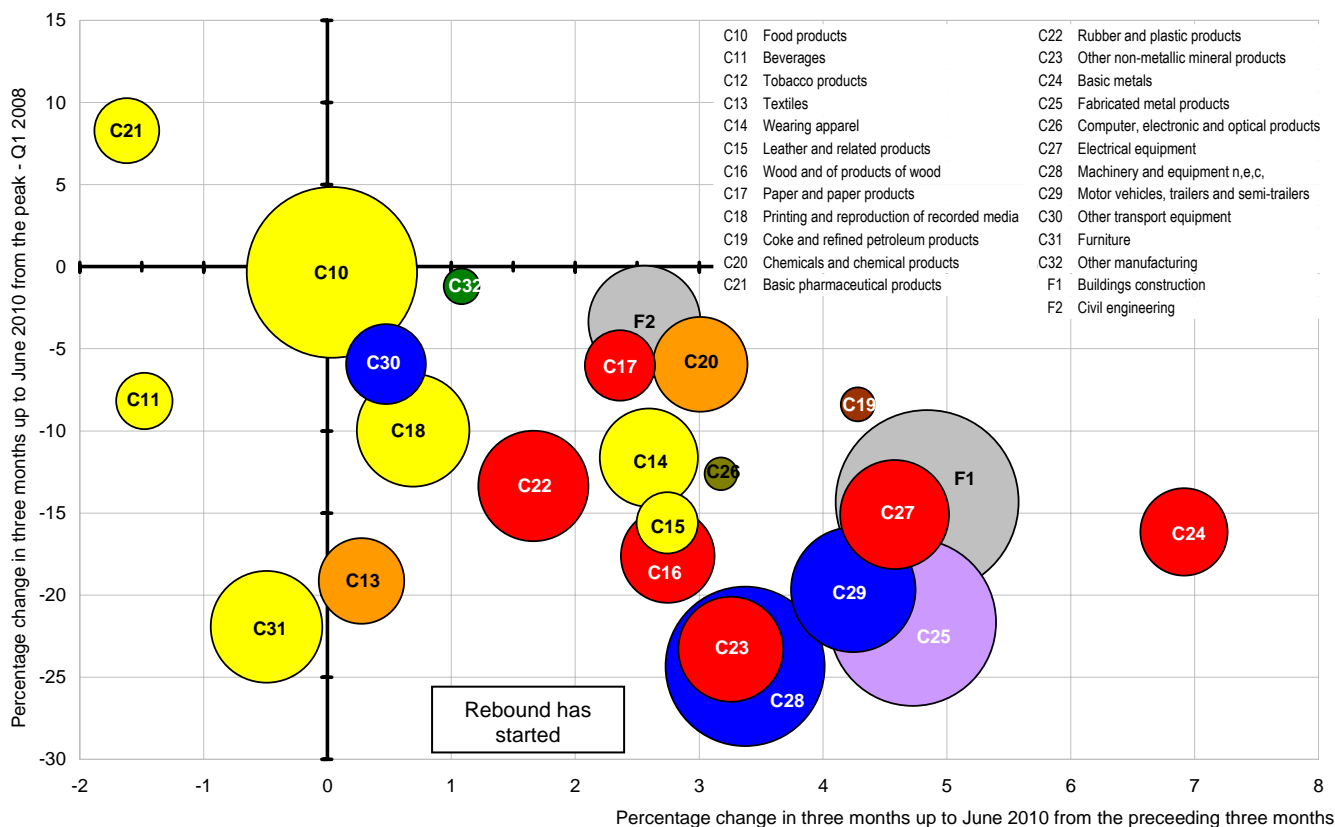
Source: Eurostat

Chart 7a: Sectoral output performance since onset of the crisis – April 2009



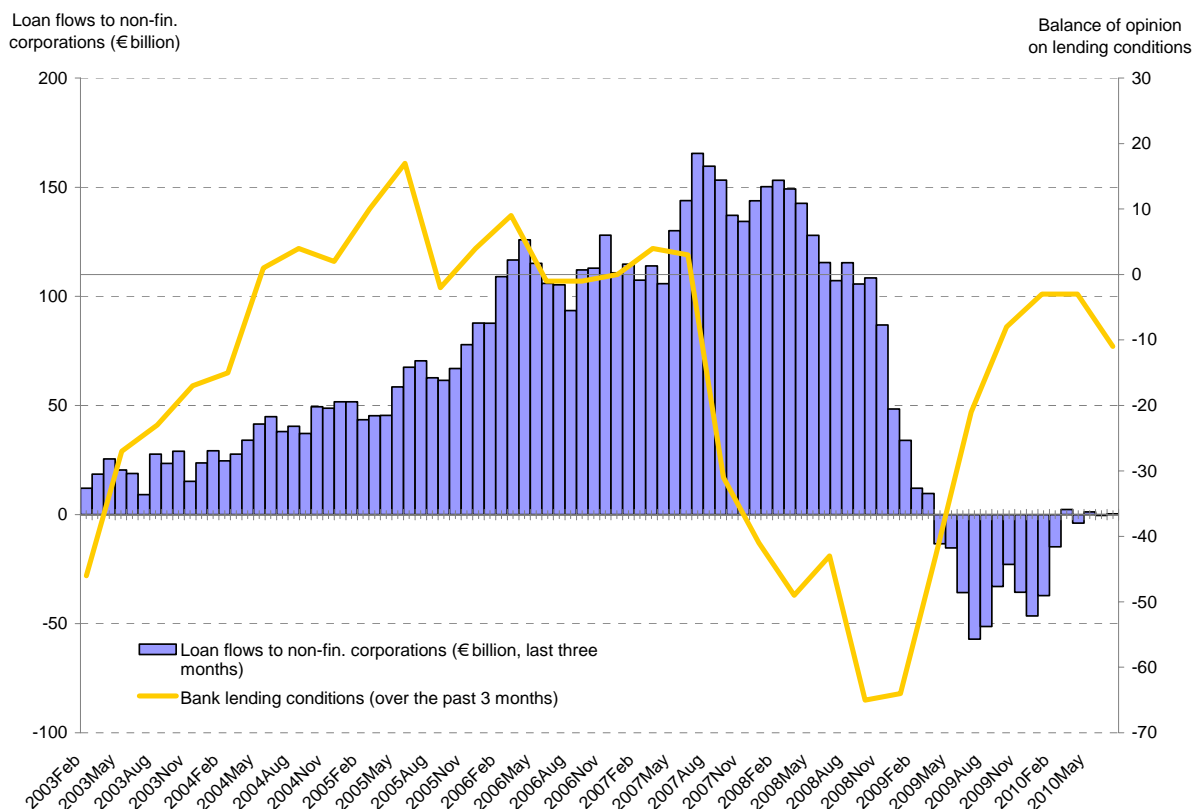
Size of the bubble reflects employment in the sector. Red colour represents intermediate, blue – capital and yellow – consumer goods. In case of sectors falling under more than one category colours are mixed.

Chart 7b: Sectoral output performance since onset of the crisis – June 2010



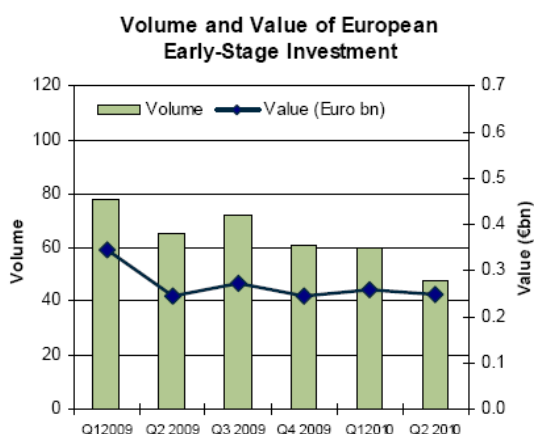
Source: Eurostat

**Chart 8. Loans to non-financial corporations in the euro area (€billion, last three months)**



Source: ECB

**Chart 9. Early-stage venture capital statistics**



	Number	Value (€m)
Q1 2009	78	344
Q2 2009	65	247
Q3 2009	72	272
Q4 2009	61	246
Q1 2010	60	258
Q2 2010	48	247
YTD 2009	143	591
YTD 2010	108	505

Source: unquote/Private Equity Insight ([www.privateequityinsight.com](http://www.privateequityinsight.com))

Source: Private Equity Barometer, Q2 2010 Preliminary Data, July 2010.

**Table 1: Manufacturing production per country – monthly variation - % change with same month of the previous year – working day adjusted data**

Total industry	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
<b>EA16</b>	2.2	4.4	7.8	9.5	9.9	8.2
<b>EU27</b>	1.7	3.7	7.1	8.0	9.2	7.7
Belgium	-4.5	1.8	9.6	6.9	9.9	:
Bulgaria	0.3	-10.0	1.1	-0.8	0.6	3.6
Czech Republic	7.6	6.9	8.4	10.0	11.3	9.7
Denmark	-9.4	-4.8	-0.5	5.6	9.4	12.1
Germany	4.3	7.1	9.8	14.7	13.5	11.5
Estonia	2.3	4.6	10.6	18.3	17.7	20.7
Ireland	6.0	9.0	7.5	-1.5	9.6	5.9
Greece	-5.3	-11.3	-4.9	-7.8	-6.3	-5.5
Spain	-2.9	-1.9	5.4	2.4	3.2	3.0
France	3.3	4.7	7.6	8.5	8.5	4.8
Italy	-0.4	2.8	7.0	7.5	7.3	8.2
Cyprus	-1.5	-5.7	0.6	-5.7	-2.1	:
Latvia	6.1	4.4	11.5	9.7	13.3	13.3
Lithuania	-7.9	-0.8	1.3	4.3	3.8	4.8
Luxembourg	10.3	14.6	21.8	25.3	17.3	:
Hungary	5.1	8.2	2.8	9.7	13.7	:
Malta	11.5	9.4	5.7	6.3	11.7	:
Netherlands	5.8	6.1	9.6	13.1	12.1	6.4
Austria	-2.7	4.2	2.0	7.5	10.1	:
Poland	11.0	10.2	11.4	8.4	11.6	12.7
Portugal	3.4	2.9	4.8	0.7	3.6	3.7
Romania	6.2	-0.4	6.2	1.8	2.8	7.9
Slovenia	-8.7	1.3	6.2	9.3	12.1	10.3
Slovakia	21.0	20.7	19.3	21.1	30.9	23.9
Finland	5.2	0.8	2.1	7.7	13.5	14.1
Sweden	0.6	-1.3	4.9	7.1	13.4	:
United Kingdom	-2.7	-0.2	4.2	1.1	3.8	3.0

: Data not available

\* Working day adjusted

\*\* Estimated by Member State

Source: Eurostat

**Table 2: EU27 manufacturing and construction growth rate - % change in comparison to the corresponding period of the previous year and the trough (working day/seasonally adjusted data)<sup>21</sup>**

NACE code	Sector name	Average growth 2008	Average growth 2009	Q2-2010	June 2010	Change trough over peak Q1-2008	Quarter of the trough	Change Q2-2010 over peak Q1-2008
<b>C</b>	<b>TOTAL MANUFACTURING</b>	-1.7	-14.7	8.7	8.2	-20.0	Q2/2009	-13.2
<b>F</b>	<b>CONSTRUCTION</b>	-2.9	-8.9	-0.1	5.4	-16.2	Q1/2010	-12.4
C10	Food products	-0.6	-0.7	1.6	2.5	-2.3	Q4/2009	-0.3
C25	Fabricated metal products	-2.1	-21.8	8.9	9.3	-27.9	Q2/2009	-21.7
C28	Machinery and equipment n.e.c.	1.5	-25.9	8.2	10.9	-30.2	Q3/2009	-24.3
C29	Motor vehicles, trailers and semi-trailers	-6.0	-21.9	23.8	17.3	-40.1	Q1/2009	-19.7
C18	Printing and reproduction of recorded media	-2.6	-7.5	-0.2	0.8	-11.3	Q4/2009	-10.0
C31	Furniture	-4.8	-16.5	-0.6	2.2	-22.5	Q3/2009	-21.9
C22	Rubber and plastic products	-4.7	-13.0	10.3	7.7	-21.4	Q2/2009	-13.4
C27	Electrical equipment	0.0	-20.3	14.6	16.3	-25.8	Q2/2009	-15.1
C23	Other non-metallic mineral products	-6.6	-18.6	3.4	3.3	-25.8	Q2/2009	-23.3
C14	Wearing apparel	-3.4	-11.3	4.7	0.4	-15.2	Q4/2009	-11.6
C20	Chemicals and chemical products	-3.5	-10.5	14.0	10.6	-20.6	Q1/2009	-5.9
C16	Wood and of products of wood	-8.5	-14.1	6.0	3.4	-22.0	Q2/2009	-17.6
C24	Basic metals	-2.9	-25.2	30.0	24.5	-36.1	Q2/2009	-16.2
C13	Textiles	-9.9	-16.6	10.7	12.2	-26.9	Q2/2009	-19.1
C30	Other transport equipment	4.3	-5.8	-1.9	-2.6	-6.4	Q1/2010	-5.9
C17	Paper and paper products	-2.9	-9.0	9.2	8.6	-14.3	Q1/2009	-6.0
C21	Basic pharmaceutical products	1.9	3.0	3.7	4.5	2.5	Q1/2009	8.3
C15	Leather and related products	-7.3	-12.5	5.6	7.4	-19.7	Q2/2009	-15.6
C11	Beverages	-1.8	-2.9	-2.6	-2.2	-8.2	Q2/2010	-8.2
C32	Other manufacturing	-0.9	-5.7	7.9	8.3	-8.3	Q2/2009	-1.2
C19	Coke and refined petroleum products	3.2	-7.9	0.5	7.1	-12.2	Q1/2010	-8.4
C26	Computer, electronic and optical products	2.6	-17.9	10.4	9.1	-20.5	Q2/2009	-12.6
C12	Tobacco products	-16.1	-1.7	-5.6	-6.7	-10.5	Q2/2010	-10.5

Source: Eurostat

<sup>21</sup> All the tables with sectoral data have been ranked according to their employment importance.

**Table 3. Construction output – quarterly / monthly variation - % change in comparison with the same quarter / the same month of the previous year (working day adjusted)**

Total	Q3-09	Q4-09	Q1-10	Q2-10	Apr-10	May-10	Jun-10
<b>EA16</b>	-9.1	-5.9	-9.5	<b>-2.8</b>	-5.2	-6.2	<b>3.1</b>
<b>EU27</b>	-9.0	-6.4	-7.5	<b>-0.1</b>	-2.9	-2.8	<b>5.4</b>
Belgium	-6.2	-5.3	-5.3	:	1.8	-5.7	:
Bulgaria	-36.5	-41.8	-25.9	<b>-19.4</b>	-22.8	-17.8	<b>-17.5</b>
Czech Republic	1.1	1.5	-21.4	<b>-7.0</b>	-15.5	-1.9	<b>-4.6</b>
Denmark	-15.7	-19.2	-24.2	:	-26.6	-25.2	:
Germany	3.3	1.9	-8.8	<b>4.1</b>	4.8	4.2	<b>3.3</b>
Estonia**	-28.5	-25.8	-34.2	:	:	:	:
Ireland**	-35.4	-34.5	-34.3	:	:	:	:
Greece**	-20.7	-30.2	-19.7	:	:	:	:
Spain	-17.8	-4.2	-12.9	<b>-6.9</b>	-19.0	-18.9	<b>18.6</b>
France	-5.8	-4.7	-4.3	<b>-2.8</b>	-4.5	-2.4	<b>-1.7</b>
Italy	-13.4	-8.3	-6.6	<b>c</b>	<b>c</b>	<b>c</b>	<b>c</b>
Cyprus**	-10.4	-12.6	-7.3	:	:	:	:
Latvia**	-36.8	-38.5	-43.4	<b>-35.3</b>	:	:	:
Lithuania**	-49.3	-52.3	-42.9	<b>-17.0</b>	:	:	:
Luxembourg	5.5	3.0	-1.1	:	1.5	3.9	:
Hungary	-4.5	-7.6	-10.7	<b>-15.5</b>	-15.8	-10.2	<b>-19.6</b>
Malta**	-2.9	-4.9	-4.8	:	:	:	:
Netherlands	-7.0	-10.5	-17.1	<b>-9.8</b>	-10.9	-6.7	<b>-11.5</b>
Austria	-0.9	0.3	-5.1	:	-5.1	-3.5	:
Poland	8.4	4.2	-15.5	<b>1.8</b>	-7.5	0.6	<b>10.2</b>
Portugal	-7.0	-8.4	-7.6	<b>-8.4</b>	-8.7	-6.9	<b>-9.6</b>
Romania	-21.8	-17.3	-21.2	<b>-11.7</b>	-15.2	-16.4	<b>-5.3</b>
Slovenia	-24.4	-20.5	-18.8	<b>-16.7</b>	-17.8	-15.5	<b>-16.9</b>
Slovakia	-8.1	-18.1	-13.8	<b>-6.4</b>	-0.7	-10.4	<b>-7.0</b>
Finland	-11.5	-7.4	0.4	<b>c</b>	7.0	14.1	<b>c</b>
Sweden	-2.4	-4.5	3.6	<b>5.6</b>	9.0	-0.7	<b>9.2</b>
United Kingdom	-9.9	-7.3	1.2	<b>10.5</b>	7.3	10.6	<b>13.6</b>
Building - EU27	-12.0	-8.7	-7.5	<b>0.7</b>	-3.1	-2.3	<b>7.5</b>
Civil engineering - EU27	1.9	3.7	-5.1	<b>-1.4</b>	-0.2	-3.4	<b>-0.6</b>

: Data not available

c Confidential

\*\* These Member States are not required to supply monthly data under Council Regulation 1165/98

Source: Eurostat

**Table 4: EU27 manufacturing and construction – monthly evolution (seasonally adjusted data)**

NACE code	Sector name	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
<b>C</b>	<b>TOTAL MANUFACTURING</b>	<b>-0.1</b>	1.7	0.7	1.9	0.1	0.8	<b>-0.3</b>
<b>F</b>	<b>CONSTRUCTION</b>	<b>-0.2</b>	<b>-0.6</b>	<b>-4.9</b>	6.4	0.8	<b>-0.1</b>	3.5
C10	Food products	0.6	1.0	<b>-0.5</b>	2.0	<b>-1.7</b>	0.6	0.6
C25	Fabricated metal products	<b>-2.6</b>	1.7	<b>-0.1</b>	3.2	1.9	1.0	0.3
C28	Machinery and equipment n.e.c.	1.1	<b>-0.9</b>	1.6	2.2	<b>-0.3</b>	1.7	1.5
C29	Motor vehicles, trailers and semi-trailers	<b>-1.0</b>	2.9	0.4	2.2	2.4	0.7	<b>-0.6</b>
C18	Printing and reproduction of recorded media	<b>-1.2</b>	0.6	0.9	0.8	<b>-0.3</b>	0.2	0.1
C31	Furniture	<b>-2.9</b>	2.0	0.5	<b>-0.2</b>	<b>-1.5</b>	1.8	<b>-0.6</b>
C22	Rubber and plastic products	1.1	0.0	<b>-0.3</b>	1.6	1.0	0.0	<b>-1.0</b>
C27	Electrical equipment	1.8	1.2	1.8	1.1	2.0	1.2	1.2
C23	Other non-metallic mineral products	<b>-2.3</b>	0.9	<b>-0.6</b>	2.2	2.3	<b>-0.5</b>	0.1
C14	Wearing apparel	3.4	<b>-0.2</b>	<b>-2.7</b>	3.8	1.0	1.6	<b>-2.9</b>
C20	Chemicals and chemical products	<b>-2.0</b>	1.4	1.2	1.8	0.8	0.4	1.1
C16	Wood and of products of wood	<b>-1.7</b>	0.2	0.6	3.7	0.0	1.0	<b>-1.6</b>
C24	Basic metals	<b>-1.0</b>	1.2	2.5	3.2	2.7	2.3	<b>-1.1</b>
C13	Textiles	0.3	0.1	1.2	<b>-0.2</b>	<b>-0.2</b>	0.3	<b>-0.1</b>
C30	Other transport equipment	<b>-6.0</b>	5.8	<b>-2.8</b>	0.4	1.9	<b>-1.6</b>	1.0
C17	Paper and paper products	0.1	1.1	0.8	2.0	0.3	0.5	0.4
C21	Basic pharmaceutical products	0.6	3.2	1.0	1.4	<b>-4.0</b>	1.2	1.0
C15	Leather and related products	<b>-1.0</b>	0.2	<b>-1.6</b>	1.1	1.4	1.4	0.8
C11	Beverages	<b>-0.9</b>	<b>-2.7</b>	1.6	2.0	<b>-2.7</b>	<b>-2.6</b>	3.5
C32	Other manufacturing	<b>-0.6</b>	4.2	0.8	1.1	<b>-0.5</b>	1.6	<b>-1.4</b>
C19	Coke and refined petroleum products	<b>-1.7</b>	<b>-1.3</b>	<b>-1.1</b>	7.0	<b>-3.5</b>	1.7	7.6
C26	Computer, electronic and optical products	1.5	0.0	0.5	1.2	2.5	<b>-0.1</b>	<b>-0.5</b>
C12	Tobacco products	<b>-3.2</b>	2.2	0.9	3.7	<b>-3.7</b>	<b>-1.9</b>	<b>-1.9</b>

Source: Eurostat



**Table 5: EU27 employment growth rate by manufacturing sector - percentage change on previous period/peak (seasonally adjusted/\*gross data)**

NACE code	Sector name	Persons employed (000s)	Average growth 2001-2008*	Average growth 2009*	Average growth Q4/2009	Average growth Q1/2010	Q1/2010 over peak Q1/2008
<b>C</b>	<b>TOTAL MANUFACTURING</b>	34412.8	-1.0	-7.3	-1.0	-1.6	-11.8
<b>F</b>	<b>CONSTRUCTION</b>	14093.2	1.5	-7.9	-1.8	-2.1	-13.9
C10	Food products	4184.9	-0.3	-1.8	-0.3	0.2	-3.1
C25	Fabricated metal products	4000.0	0.7	-8.2	-1.2	-2.5	-14.0
C28	Machinery and equipment n.e.c.	3649.5	0.0	-5.8	-1.5	-2.3	-10.2
C29	Motor vehicles, trailers and semi-trailers	2234.8	-0.1	-9.0	-0.5	-0.6	-12.1
C18	Printing and reproduction of recorded media	1820.0	-1.9	-5.8	-1.8	-1.5	-10.7
C31	Furniture	1800.0	-1.4	-10.1	-1.7	-3.5	-17.9
C22	Rubber and plastic products	1749.5	0.1	-6.9	-0.2	-1.3	-10.0
C27	Electrical equipment	1710.0	-0.6	-8.0	-0.1	-1.5	-11.0
C23	Other non-metallic mineral products	1586.5	-1.3	-11.3	-2.6	-2.0	-18.4
C14	Wearing apparel	1390.0	-5.3	-12.7	-2.9	-4.1	-22.5
C20	Chemicals and chemical products	1290.0	-1.6	-4.6	-0.8	-0.6	-7.5
C16	Wood and of products of wood	1268.7	-1.1	-11.4	-1.6	-1.3	-17.8
C24	Basic metals	1100.0	-1.8	-8.6	-0.9	-2.0	-14.1
C13	Textiles	1060.0	-5.5	-13.4	-1.7	-3.2	-22.6
C30	Other transport equipment	917.1	0.0	-5.3	-1.5	-2.0	-9.5
C17	Paper and paper products	715.0	-2.0	-4.9	-1.1	-1.0	-8.5
C21	Basic pharmaceutical products	610.0	0.3	-2.8	0.7	0.0	-4.0
C15	Leather and related products	548.8	-3.9	-11.4	-1.3	-2.7	-19.7
C11	Beverages	460.0	-1.2	-6.7	-0.5	-1.0	-10.7
C32	Other manufacturing	188.5	-0.5	-4.0	-0.6	-0.9	-6.1
C19	Coke and refined petroleum products	168.4	-2.3	-2.6	-0.2	-0.9	-4.9
C26	Computer, electronic and optical products	154.6	-1.7	-7.9	-1.5	-0.8	-12.6
C12	Tobacco products	67.7	-4.6	-4.3	-2.3	-0.5	-8.7

Source: Eurostat

**Table 6: EU27 industry new orders - % change in comparison to the corresponding period or peak/trough – gross data**

NACE code	Sector name	Average growth 2001-2007	Average growth 2008	Average growth 2009	Last 3M over Q4/2007 (peak)'	Last 3M over Q1/2009 (trough)'
<b>C_ORD</b>	<b>MANUFACTURING FOR NEW ORDERS</b>	4.6	-4.8	-20.8	-15.8	23.0
C25	Fabricated metal products	5.3	0.3	-23.8	-13.8	18.6
C28	Machinery and equipment n,e,c,	6.2	-5.4	-28.8	-18.9	29.8
C29	Motor vehicles, trailers and semi-trailers	5.4	-12.0	-19.3	-22.5	26.3
C27	Electrical equipment	4.0	-1.5	-20.0	-9.2	21.5
C14	Wearing apparel	0.2	-1.0	-16.5	-24.1	-4.3
C20	Chemicals and chemical products	3.8	2.6	-16.3	-1.5	23.0
C24	Basic metals	7.7	-5.3	-34.2	-16.5	60.1
C13	Textiles	-2.7	-9.8	-15.8	-14.4	13.1
C30	Other transport equipment	13.0	5.3	-11.2	-47.7	-7.0
C17	Paper and paper products	1.6	-1.8	-10.8	-2.5	14.0
C21	Basic pharmaceutical products	6.2	0.5	3.6	7.5	4.5
C26	Computer, electronic and optical products	0.2	-8.6	-19.6	-18.8	11.5

\* Average for last three months to June 2010 compared to the quarter when a peak/trough was reached by total manufacturing new orders

Source: Eurostat

**Table 7: EU27 industry new orders – monthly evolution – seasonally adjusted data**

NACE code	Sector name	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
<b>C_ORD</b>	<b>TOTAL MANUFACTURING</b>	0.7	-0.4	1.5	6.7	-1.2	4.0	2.4
C25	Fabricated metal products	-7.0	1.8	6.0	4.8	3.2	1.2	1.2
C28	Machinery and equipment n.e.c.	-0.3	-7.7	15.3	2.2	1.3	3.6	5.2
C29	Motor vehicles, trailers and semi-trailers	0.7	1.2	0.8	1.3	1.6	2.9	0.2
C27	Electrical equipment	-4.5	4.1	5.5	6.3	-1.4	-1.3	1.0
C14	Wearing apparel	0.3	-4.0	0.3	1.0	-1.7	3.7	-8.4
C20	Chemicals and chemical products	0.0	0.3	5.3	1.7	1.2	3.6	-0.6
C24	Basic metals	-4.1	12.9	0.5	10.1	5.7	-2.6	-0.1
C13	Textiles	-1.5	-0.3	6.4	2.3	0.4	1.7	-0.2
C30	Other transport equipment	19.7	-9.4	-8.5	10.4	-10.6	18.2	10.8
C17	Paper and paper products	0.2	0.4	4.3	2.2	1.2	1.2	0.0
C21	Basic pharmaceutical products	-0.6	2.8	-0.1	3.1	-0.5	0.8	0.8
C26	Computer, electronic and optical products	11.9	-11.2	-0.4	4.0	2.1	4.4	2.2

Source: Eurostat

**Table 8: Extra EU Exports (in value) - % change in comparison to the corresponding period of the previous year**

NACE 1.1 code	Sector name	Average growth 2002-8	Average growth 2009	Apr-10	May-10
D	EU manufacturing	6.8	-16.3	20.4	25.3
DA 15	Food & beverages	4.5	-7.5	20.8	22.8
DJ 28	Fabricated metal products	8.1	-18.2	18.8	16.5
DK 29	Machinery & equipment n.e.c.	8.4	-18.5	8.7	17.8
DM 34	Motor vehicles	6.5	-31.8	65.3	71.6
DE 22	Publishing & printing	-1.5	-11.8	5.0	3.5
DN 36	Furniture; manufacturing n.e.c.	1.3	-18.6	28.6	25.2
DH 25	Rubber & plastic products	7.0	-15.2	30.2	28.6
DL 31	Electrical machinery and apparatus n.e.c.	9.6	-13.9	14.7	21.5
DL 32	Radio, TV and communication equipment	2.2	-25.2	17.2	17.9
DL 33	Scientific and other instruments	5.3	-6.7	10.8	19.0
DI 26	Other non-metallic mineral products	2.9	-18.8	15.3	19.8
DB 18	Wearing apparel	3.9	-17.5	-0.5	6.8
DG 24	Chemicals & chemical products	6.1	-1.2	10.1	22.6
DD 20	Wood & of products of wood	2.9	-16.7	21.5	21.2
DJ 27	Basic metals	14.9	-25.1	27.0	31.1
DB 17	Textiles	3.8	-16.1	-4.1	-11.0
DM 35	Other transport equipment	1.1	-4.9	24.0	14.6
DE 21	Pulp, paper & paper products	4.6	-12.8	21.8	23.8
DC 19	Leather	2.5	-15.8	19.4	24.6
DF 23	Coke & refined petroleum	25.9	-32.4	52.4	35.0
DL 30	Office machinery & computers	-3.2	-12.9	-9.8	1.5

Source: DG Trade

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