

Statistics in focus

INDUSTRY, TRADE AND SERVICES

THEME 4 — 1/1999

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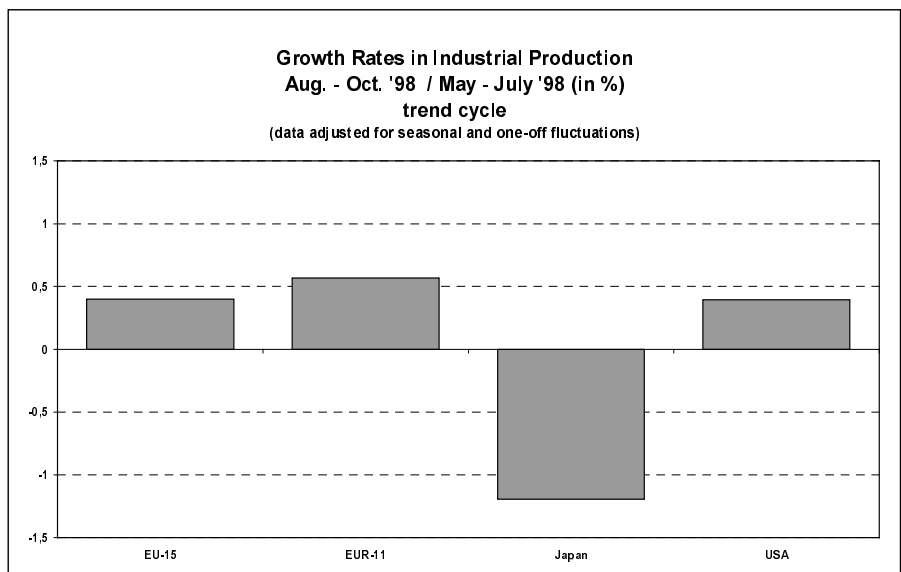
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Growth in EU industrial production of 0.4 %

*Extract from:
 Monthly Panorama of European Business
 1/1999*



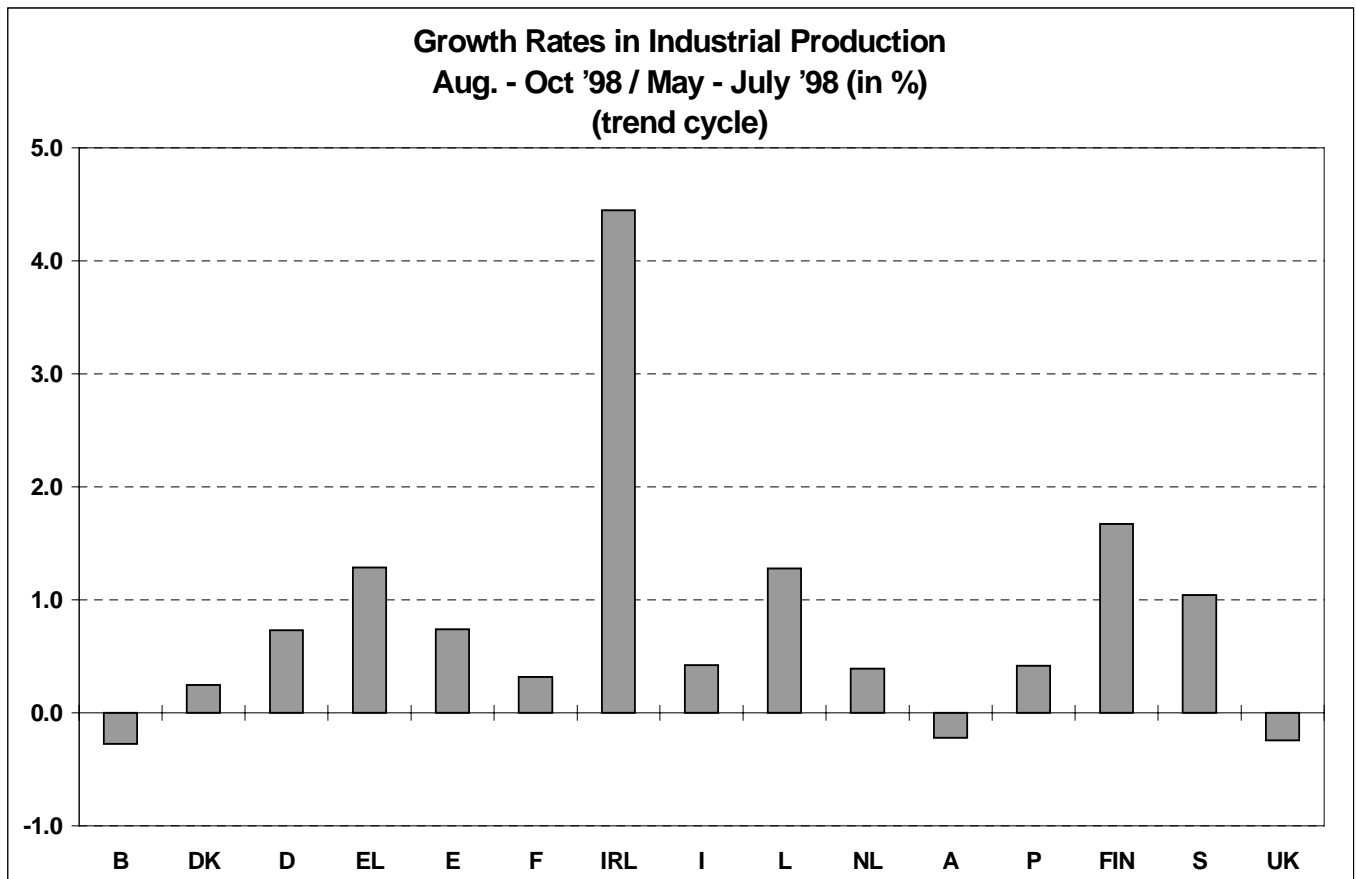
In the three months to October 1998 production within EU-15 increased at the rate of 0.4 % (taking data from the last three months compared with the three months before). The growth in the 11 countries that form the Euro-zone ⁽¹⁾ was also moderate, but slightly higher (at 0.6 %). In both geographical areas growth rates were diminishing, although at a slower pace than seen in recent months. This trend has been evident since the middle of 1997.

In September 1998 there was a similar rate of change for industrial production in the USA, increasing by 0.4 % and continuing the trend of modest growth rates. The last time the USA recorded growth above 1 % was in January 1998. In Japan the production index was in decline, down by 1.2 % in September 1998, although this was a slower rate of decline than that seen in June 1998, when production fell by 2.8 %.

⁽¹⁾ Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal and Finland.

In the larger Member States there were different trends: in Spain and Germany growth was above the EU average (both 0.7 % in October 1998), whilst in the United Kingdom and France industrial production grew at rates below the EU average (– 0.2 and 0.3 %, in September and October 1998). In Italy production changed as in the EU (up by 0.4 % in October 1998). Italian industrial output stagnated throughout 1998 with growth rates ranging from – 0.1 to 0.3 %, with growth always below the EU rates. The October growth rate in Spain continued the trend of

recording output above the growth rates seen in the EU. Indeed, the rate of growth of Spanish industrial production was above 1 % throughout 1998 (up until October), but had slowed down somewhat compared with 1997 (with a maximum growth rate of 2.6 % in May 1997). Finland and Luxembourg exceeded the Spanish rate of growth and recorded the highest rates in Europe (up by 1.7 and 1.5 % in October and September 1998), whilst Belgium recorded the lowest rate of change in the EU, with a rate of change equal to – 0.3 % in October 1998.



Production trends for the four goods sectors

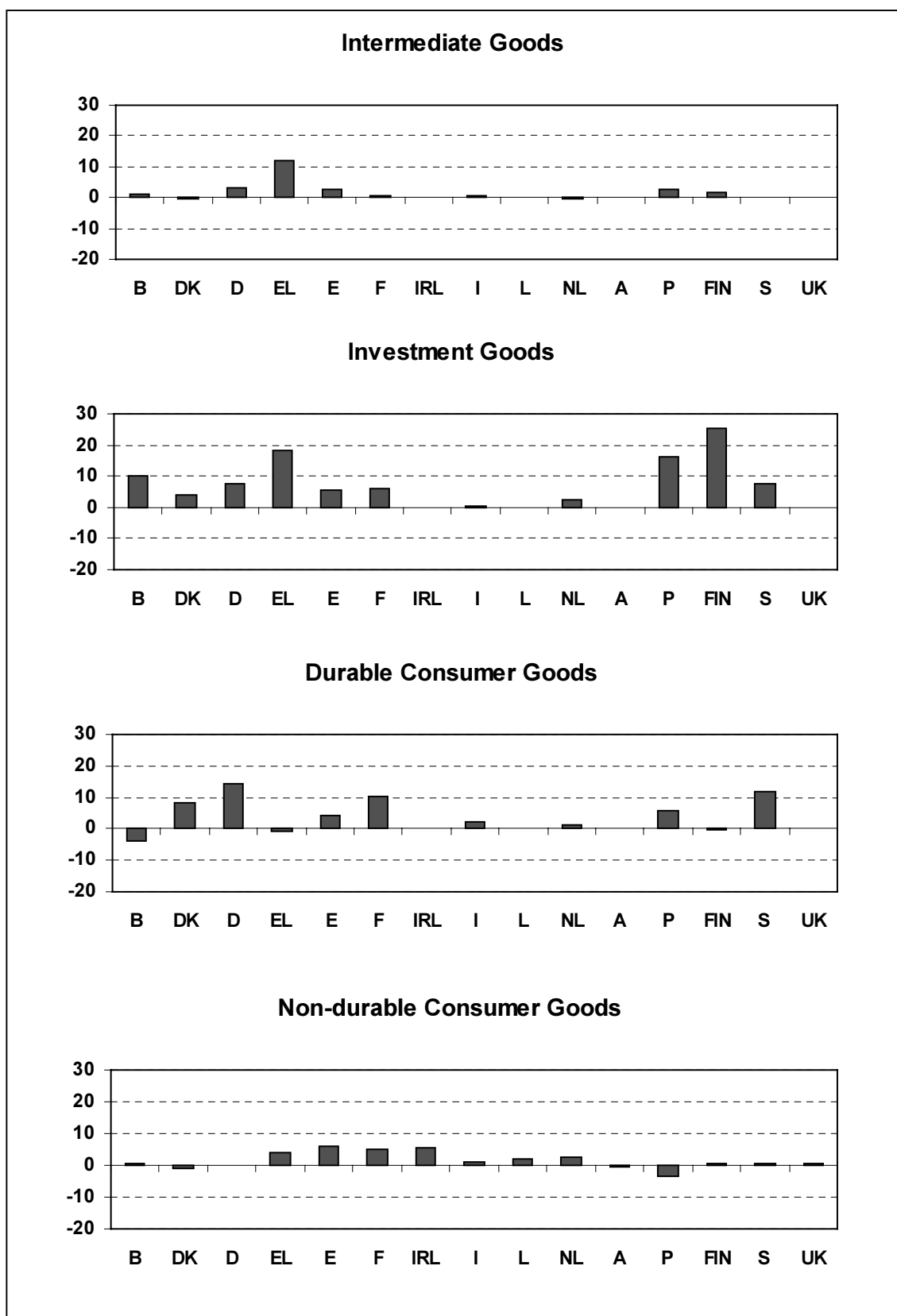
In the three months to October 1998 growth rates for the four goods sectors in the EU displayed continuity in the trend of production volumes (compared with the three months before). There was a slight decrease of 0.2 % (October 1998) for intermediate goods production. This goods sector performed slightly below the EU total industry average from February 1998 onwards.

In April 1998 capital and consumer durables were still growing by 2.4 and 2.6 % respectively. In the following six months their growth rates diminished by 1.2 and 1.1 percentage points, to reach 1.2 % in the capital goods sector and 1.5 % in the consumer durables sector by October 1998.

In the capital goods sector there were high growth rates throughout 1998 in Finland and Luxembourg, latest growth rates were 7.0 and 3.0 % respectively (for October and September 1998), as well as in Ireland (3.7 %, September 1998) and Greece (2.9 %, October 1998).

Production of consumer durables increased in Germany by 3.3 % (October 1998) and in Sweden by 2.7 % (October 1998), well above the EU levels, whilst in Denmark the growth rate decreased sharply by more than 4 percentage points over a period of three months, to 0.1 % (in October 1998).

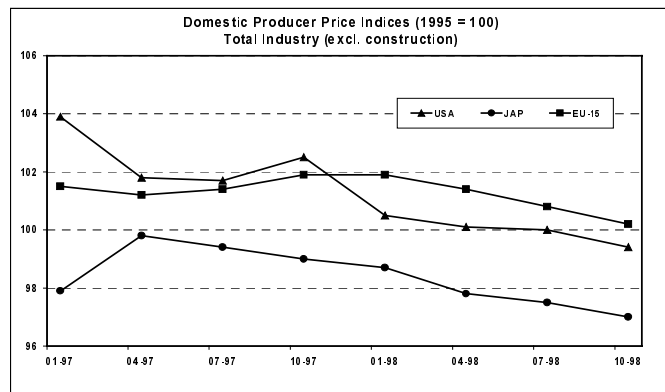
Production trends for the main industrial groupings



Figures: Growth rates (working day adjusted data)
Changes: August to October 1998 / August to October 1997 (in %)

Producer prices on a downward trend

In 13 of the 15 Member States producer prices are falling, with the result that the EU-15 average was equal to -1.7% in October 1998 (when compared with the same month of a year before). This rate of change was not as pronounced as in the USA (-2.8%) or Japan (-2.0% , both for September 1998). European producer prices have now been falling since May 1998, the turning point for Japan occurring almost simultaneously with the EU (turning point April 1998), when USA producer prices had already been on a downward trend for 12 months.

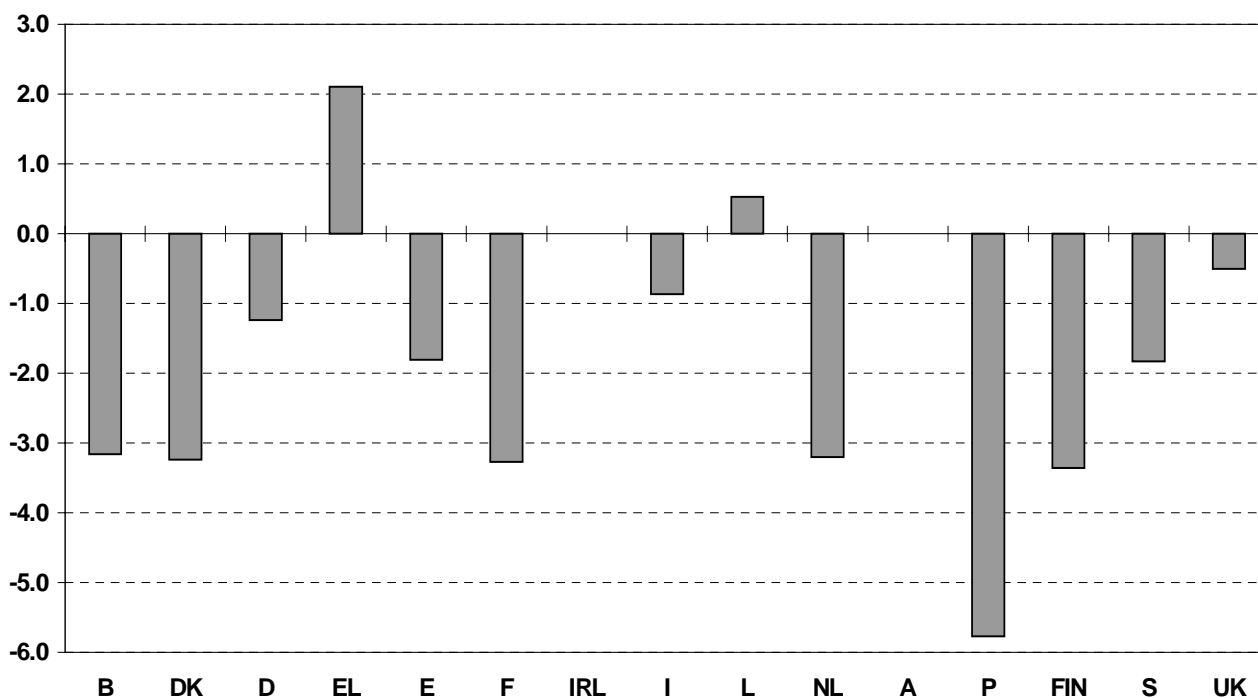


Situation in the Member States

France was the sole large Member State where prices were declining faster than in the EU, with a decrease of 3.7% (for November 1998). There was an even more rapid reduction in producer prices in Portugal (-5.8% , October 1998) and Finland (-4.2% , November 1998). Other countries to report prices falling faster than the European aggregate were Denmark and the

Netherlands (both down by 3.2% , again for October 1998). Both the data for Finland and Denmark saw the reduction in prices re-enforced by 0.9 percentage points in October (when compared with the September rate). The two countries to display a rising trend in producer prices were Greece (up by 2.1%) and Luxembourg (up by 0.5% , both for October 1998).

Growth rates of Industrial Producer Prices Changes October '98 / October '97 (in %) Total Industry (excl. construction)



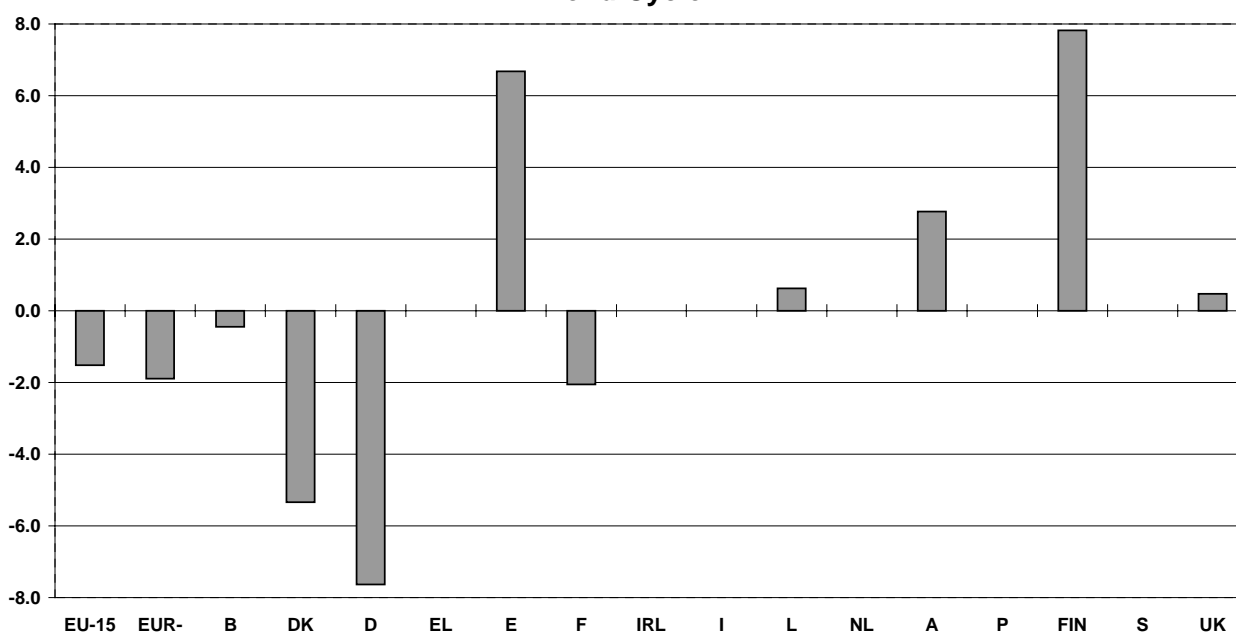
Production in construction

In the third quarter of 1998 construction output in Europe decreased by 1.5 % (compared with the same period a year before). Between June 1997 and 1998 moderate rates of growth had been recorded. There was a similar set of figures for the Euro-zone (down by 1.9 % in September 1998). Indeed,

the EUR-11 production level has been below the EU-15 level from 1996 onwards. The European growth rate of production contained a range of different trends within the Member States: in the three months to September 1998, the Finnish construction industry recorded the highest rate of growth (up by 7.8 %),

whilst in Germany output was down by 7.8 %. Furthermore, there were downward trends in France (-2.0 %) and Denmark (-5.3 %). The United Kingdom displayed almost no changes, with activity rising by 0.5 %.

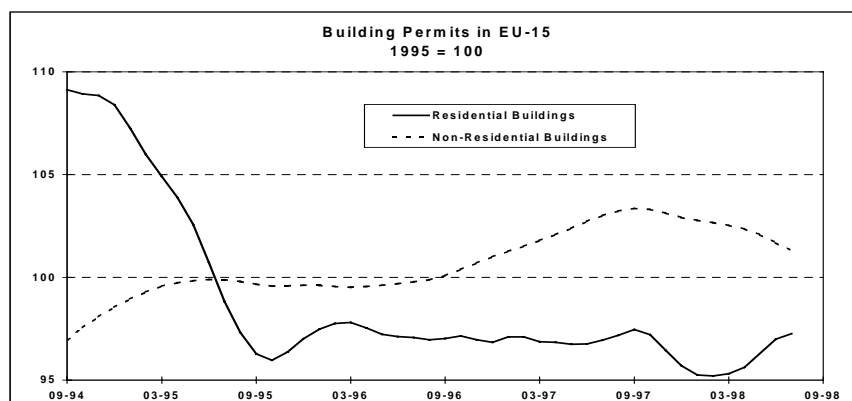
Growth Rates of Production in the Construction Sector
Changes 3rd Quarter '98 / 3rd Quarter '97 (in %)
Trend Cycle



Construction permits

Permits for residential buildings were rising in July 1998, for the fifth consecutive month. Nevertheless, they remained well below the latest peak seen at the end of 1994.

The number of dwellings in the EU increased by 1.6 % in the second quarter of 1998 (compared with the same period in 1997), with reductions in Germany and Italy (-1.0 and -0.9 %).



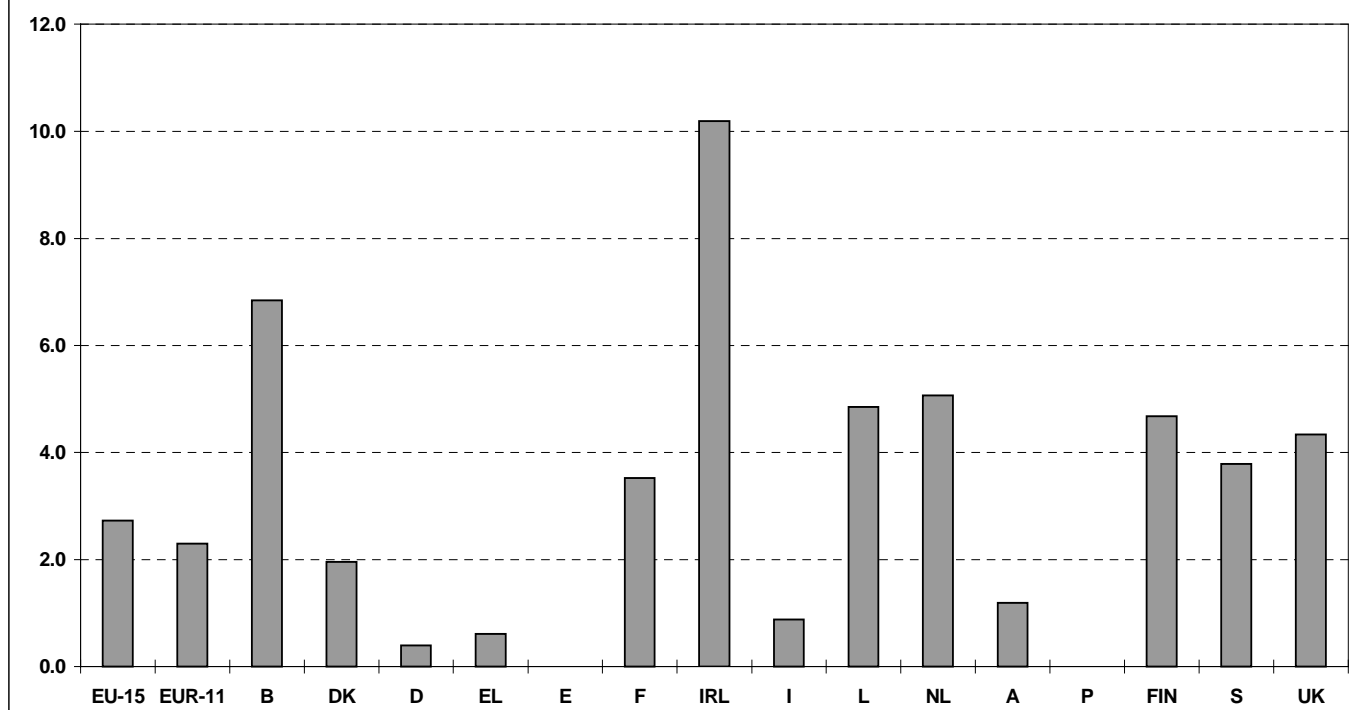
Retail sales volumes

European retail sales volumes were seen to be growing at a modest rate. Germany has gone through a period of stagnating retail sales volumes during the last 15 months for which data were available. In the three months to July 1998 German retail sales volumes recorded no change (0.0 % growth, when compared with the three months before). A similar evolution could be observed in the

latest data for Italy, with almost no change; an increase of 0.3 % was recorded in June 1998. There was higher growth in the United Kingdom (0.6 %, August 1998) and in France (1.0 %, August 1998). Indeed, the French rate remained constant throughout 1998, whilst in the United Kingdom retail sales volumes were growing at a slower pace than they were a year before.

The latest growth rates showed little change from the data seen in the first quarter of 1998, when EU retail sales volumes increased by 0.8 %. The corresponding figure for EUR-11 (Euro-Zone as defined in footnote on page 1) was 0.7 %. Retail sales were growing faster in Ireland (2.6 %, September 1998), Finland (1.9 %, August 1998) and Sweden (1.7 %, August 1998).

Growth Rates of Sales in Retail Trade
Changes Jan - Mar '98 / Jan - Mar '97 (in %)
Trend Cycle



New vehicles registration

In the countries where data for 1998 were available car registrations were generally rising (when comparing data for a particular month with the same month of the year before). Italy and the United Kingdom were the only two countries not to follow this trend (- 3.0 %, June 1998 and -

3.1 %, April 1998). The increase in new vehicle registrations in the other European countries displayed a varied picture ranging from 58.5 % in Portugal (July 1998) to 5.2 % in Germany (August 1998). The German figure for August marked a return to positive rates of change (as

in July new vehicle registrations went down by 1.0 %). New vehicle registrations grew fastest in the Netherlands, up by 16.6 percentage points to 28.8 % (July 1998), in Ireland, up by 11.1 points to 19.6 % (April 1998) and Spain, up by 10.4 points to 17.6 % (June 1998).

Business cycle at a glance

Growth rates - Three months average compared to the previous three months (in %)						
Latest 3 months available		Estimated output index (1)	Production	Producer prices	Capacity utilisation (2)	New orders
EU-15	08-98 → 10-98	:	→	↘	↘	:
EUR-11	08-98 → 10-98	:	↗	↘	:	:
B	08-98 → 10-98	:	→	↘	↘	:
DK	08-98 → 10-98	:	→	↘	↘	→
D	08-98 → 10-98	:	↗	↘	↘	↘
EL	08-98 → 10-98	:	↗	→	↘	:
E	08-98 → 10-98	:	↗	↘	→	:
F	08-98 → 10-98	:	→	↘	↘	:
IRL	07-98 → 09-98	:	↗↗	:	:	:
I	08-98 → 10-98	:	→	↘	↘↘	:
L	07-98 → 09-98	:	↗	→	→	→
NL	08-98 → 10-98	:	→	↘	↘	↗
A	07-98 → 09-98	:	→	:	↗	:
P	08-98 → 10-98	:	→	↘	:	:
FIN	08-98 → 10-98	:	↗	↘	↘↘	:
S	08-98 → 10-98	:	↗	↘	↘	:
UK	07-98 → 09-98	:	→	↘	↘	:
Japan	07-98 → 09-98	:	↘	→	:	:
USA	07-98 → 09-98	:	→	↘	:	:

(1) EOI runs two months ahead of the period given.

(2) Capacity utilisation is fixed on the first month of the quarter of the period given.

↗↗ >2.5%
 ↗ 0.5% to 2.5%
 → -0.5% to 0.5%
 ↘ -2.5% to -0.5%
 ↘↘ <-2.5%
 : no data available

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