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EU Industrial Production Down by -0.7%

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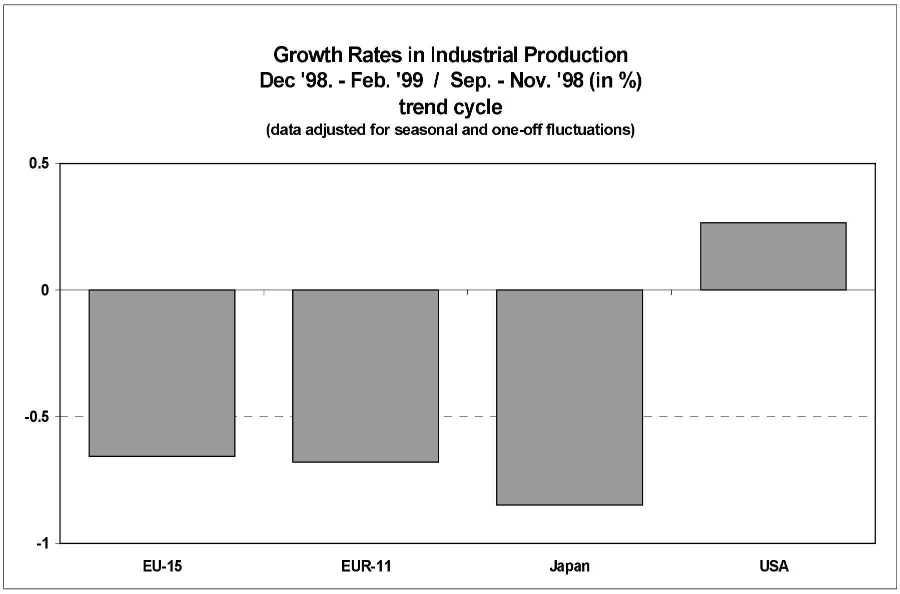


The latest data available showed that production within the **European Union** fell by 0.7% in February 1999 (when comparing an average of the last three months data with data from the previous three months). The **euro-zone**[1] also reported a reduction in activity equal to 0.7%. Hence, for the fifth successive month, both EU-15 and EUR-11 recorded a decline in production volumes.

International developments showed that industrial production continued to decline in Japan for the eighteenth consecutive month. **Japanese output** fell by 0.8% in the three month period to February 1999. The **American industrial economy** continued to record positive gains. The latest figure reported growth of 0.3% in February 1999.

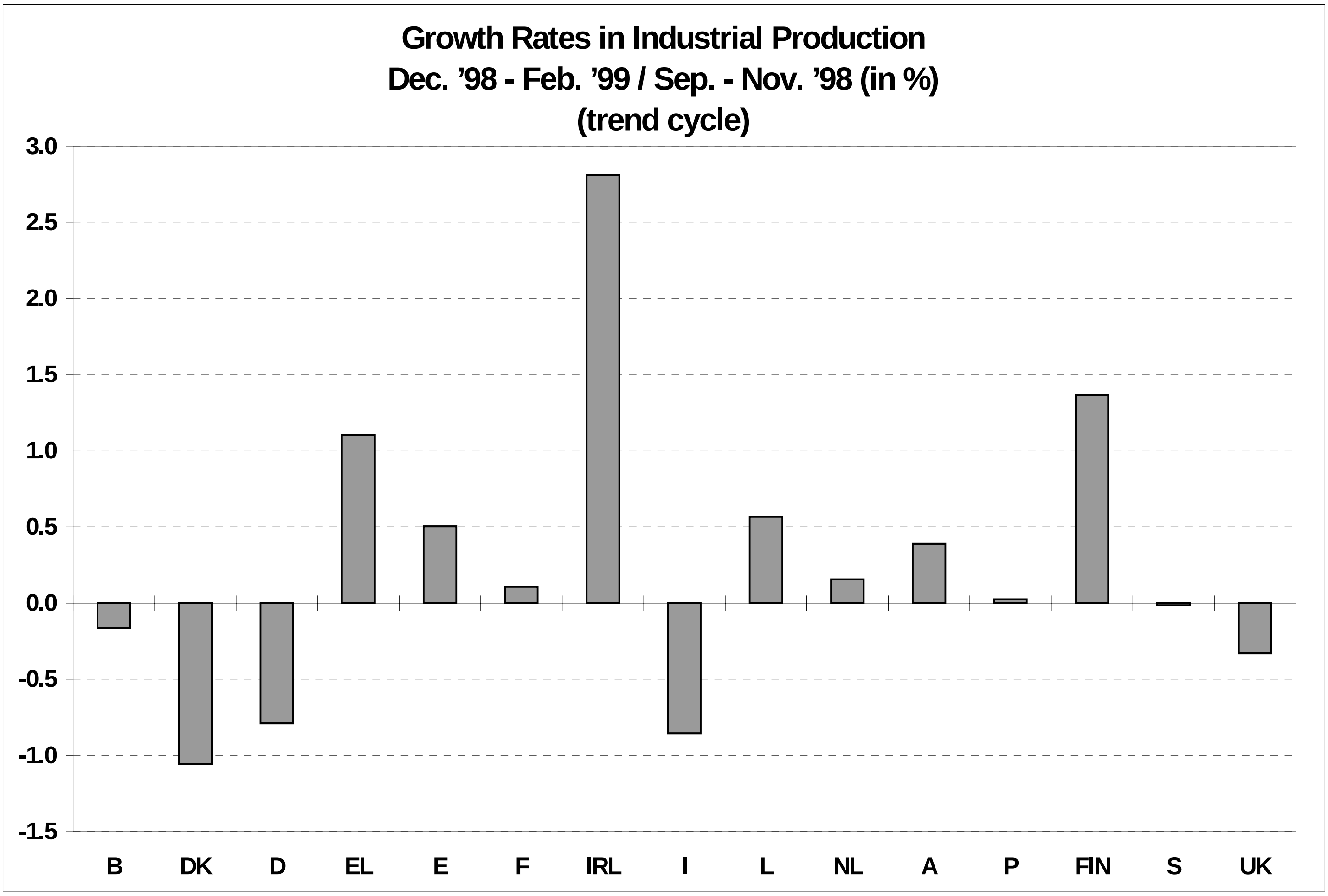
Year-to-year Changes

If we turn attention to the evolution of output over a one year period (using working day adjusted data for the last month available compared to the same month of a year before) we find the following results: For the **EU** as a whole, industrial production was down by -0.5% in February 1999 on a year earlier, the corresponding growth rate for **EUR-11** is –0.4%. A strong negative growth could be observed in **Japan** with –4.7% in the same period. The **USA** continues to display positive gains with a current rate of 2.2%. Since working day adjusted series fluctuate widely, it is advisable to interpret them cautiously.

[1] Belgium, Germany, Spain, France, Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal and Finland make up the EUR-11 aggregate, otherwise known as the euro-zone.

Situation in the Member States

Turning attention to the latest growth rates for the Member States we find that there were **negative trends in six countries**. The European figure is clearly influenced by the performance of the main economies and latest data showed a decline in output in **Germany** (-0.8% to February 1999), **Italy** (-0.9% to February 1999) and the **United Kingdom** (-0.3% to February 1999). **France** however recorded a positive evolution for production, with output rising by 0.1% in February 1999. This was by no means the most rapid growth rate recorded within the Member States. Taking the latest month of data available for each country the four fastest growing economies in Europe were: **Ireland** (2.8% to January 1999), **Finland** (1.4% to February 1999), **Greece** (1.1% to February 1999) and **Spain** (0.5% to February 1999).



Main Industrial Groupings

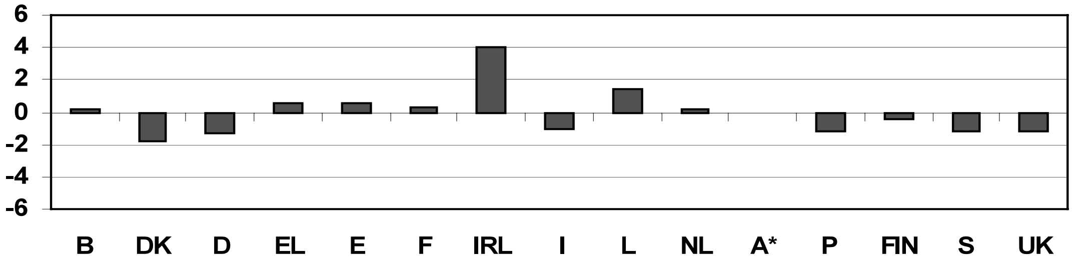
There has been a marked difference in the evolution of the four main industrial groupings that make up the European industrial economy. **Consumer non-durables** have shown almost no growth since 1995, with the latest index of industrial production for February 1999 standing at 103.0. This industrial grouping has shown little variation in output over the last three years with a very smooth trend in the evolution of production, rising at a very slow pace.

Intermediate goods and **consumer durables** have displayed somewhat faster growth over the same period, with output expanding by between 7% and 9% during the period 1995 to mid-1998. Since the late summer of 1998 both of these industrial groupings have displayed a decline in activity, with latest figures showing a reduction of 0.8% for intermediate goods and 0.7% for consumer durables.

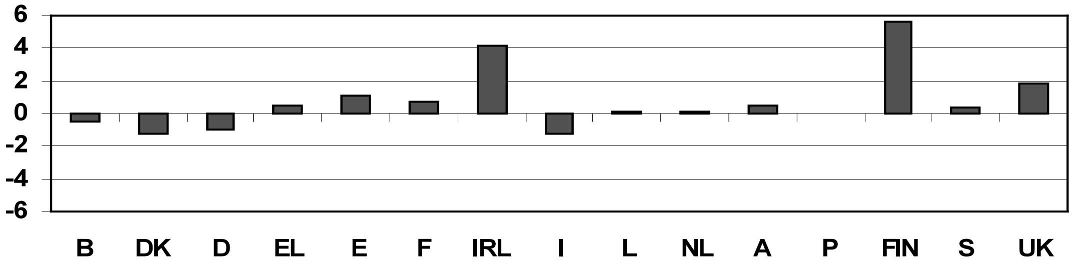
The **capital goods** industry is the least affected by the slowdown in industrial activity within Europe. This industrial grouping has expanded by almost 15% when taking 1995 data as a base year. After having recorded little or no growth in the second half of 1998, the latest figures showed that capital goods were once again recording positive rates of growth (up by 0.2% in February 1999).

Production Trends for the Main Industrial Groupings

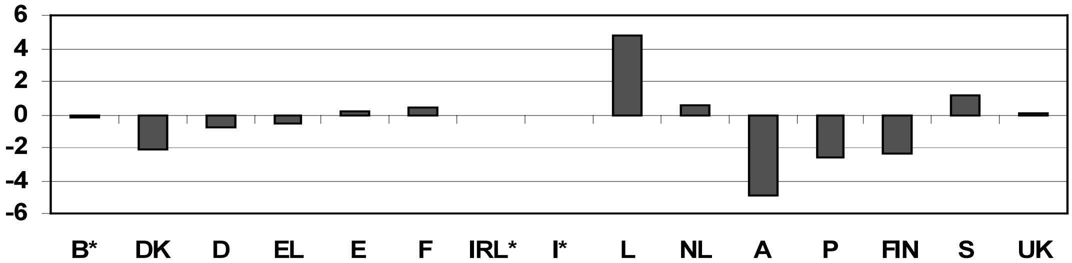
Intermediate Goods



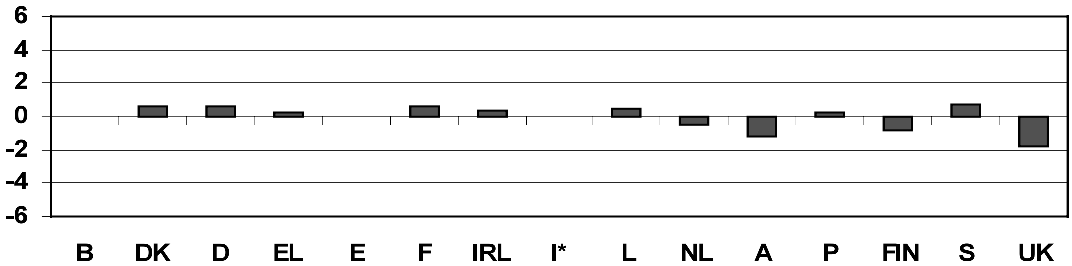
Capital Goods



Durable Consumer Goods



Non-durable Consumer Goods

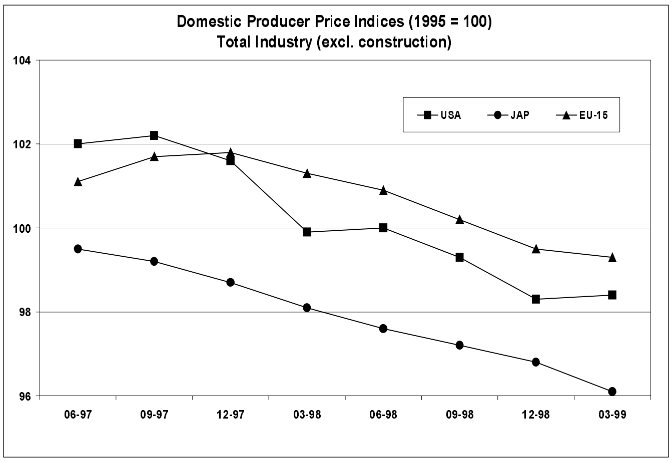


Figures: *Growth rates (trend cycle)*
Changes Dec. '98 – Feb. '99 / Sep. – Nov. '98 (in %)
** no data available*

Industrial producer prices fall for the eleventh succesive month

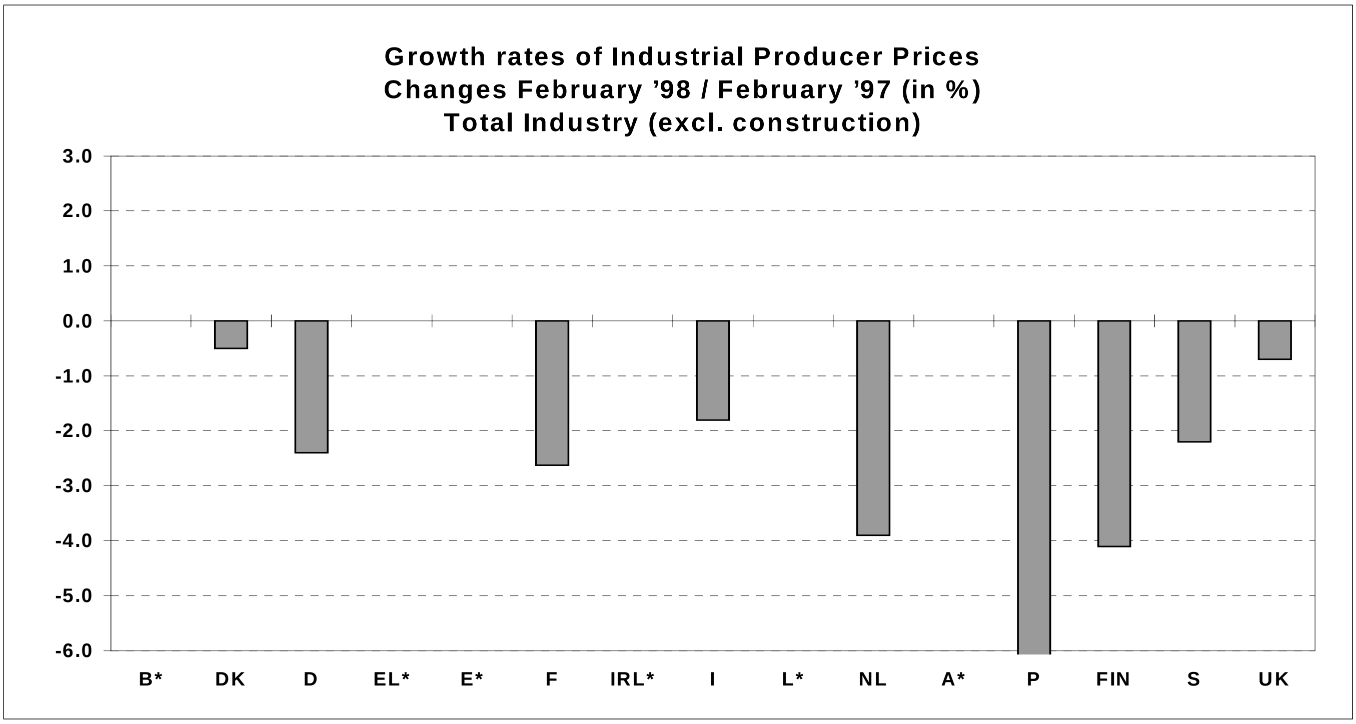
European industrial producer prices continued to decline in the first quarter of 1999. The producer price index fell by 2.0% in March 1999 when compared to the same month of a year before. The figure for the euro-zone also for March 1999 was -2.3%. Producer price changes in the euro-zone have consistently been at rates inferior to those of the European Union for the last twelve months.

Producer prices also continued to follow a negative trend in both Japan and the United States. **Japanese producer prices** recorded a negative trend from April 1998 onwards, with a fairly consistent reduction equal to about 2% in the months since. The latest figure for February 1999 continued this trend with a reduction of 2.1%. In the **United States price changes** have fluctuated somewhat more, with negative rates of change being recorded in the United States since April 1997. The latest figure showed a decline in producer prices of 2.0% in February 1999.



Developments in the Member States

Within the Member States most countries followed the general evolution seen for the European Union, with negative rates of change being recorded from the first or second quarter of 1998 onwards. These negative rates of change quickened in the majority of countries up until the end of 1998, after which they have shown some signs of stabilising. This was not the case in Greece, Luxembourg (where positive rates of change were consistently recorded), Ireland or the United Kingdom (where moderate rates of change both slightly positive and negative were recorded). The largest decline in producer prices amongst the Member State was observed in Portugal (-6.4%, February 1999) and the highest rate of increase was seen in Greece (1.8%, December 1998). Data for total industry reported a decline in producer prices for all four of the largest European industrial economies (data for March 1999): France (-2.6%), Germany (-2.3%), Italy (-1.8%) and the United Kingdom (-0.2%).

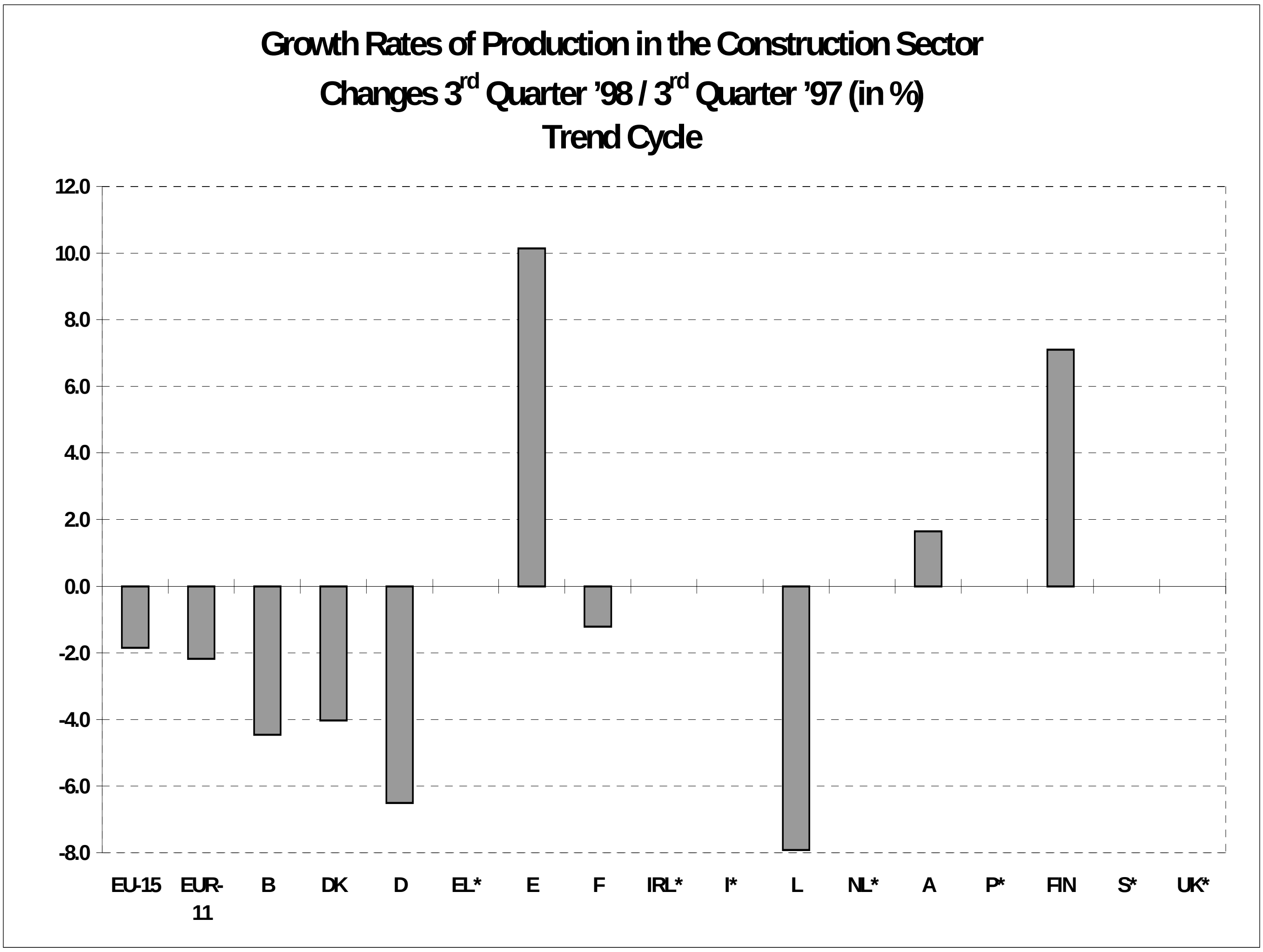


* no data available

Construction Activity

Output within the **EU** fell by 1.9% during the final quarter of 1998 (when compared to the final quarter of 1997). The corresponding growth rate for the **euro-zone** was -2.2%. This was the fifth consecutive month that the euro-zone has reported output declining at a rate that is below the corresponding rate of the European Union.

Turning to the latest growth rates for the **individual Member States** we find that there were positive growth rates reported by only three of the Member States: Spain (10.1%), Finland (7.1%) and Austria (1.6%). Data for France and Germany showed that there was a decline in activity within the construction sector (-2.0% and -5.3% in February 1999).



* no data available

Building and Civil Engineering

Output from the **civil engineering activity** rose by 10.1% in Spain and by 2.8% in Finland in the last quarter of 1998. These were the only two countries to report positive rates of growth for this particular activity. Fresher data was available for France and Germany where a reduction in activity of 0.6% and 6.3% was recorded in February 1999.

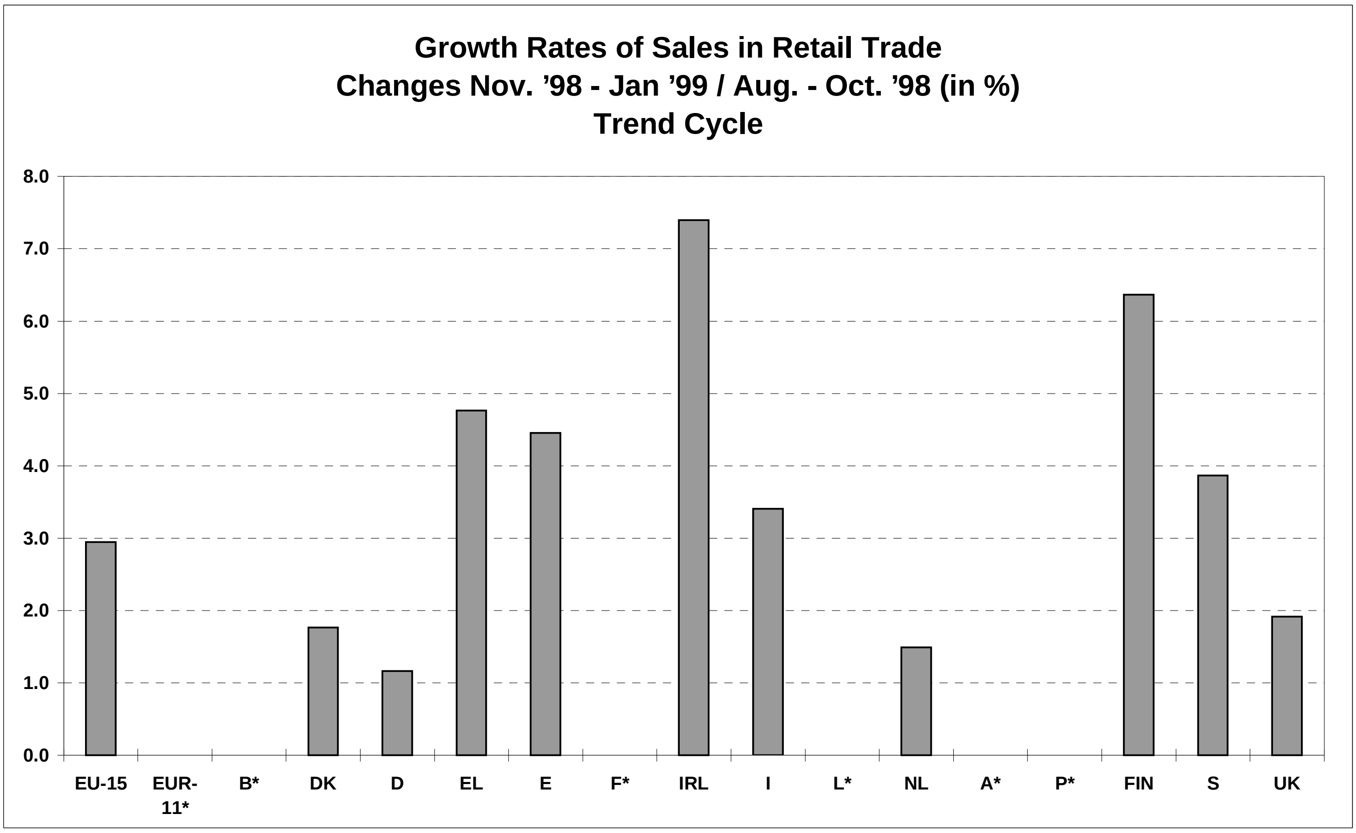
Within the activity of **building**, France and Germany both reported low rates of growth, with declines of 5.7% and 5.0%. There were three Member States with positive rates of growth: they were Austria, Finland and Spain (with increases of 4.0%, 8.5% and 11.1% in the final quarter of 1998 respectively).

Retail Sales Volumes

In the three months to January 1999 retail sales' volumes increased by 2.9% within the **EU** (when compared to the same period of a year before). The corresponding rate of growth for the **euro-zone** was 2.5% (although data was only available up until December 1998). The latest figures for the euro-zone aggregate indicated a slight slowdown in the rate of growth.

German retail sales reported growth rates below the European average (with no change in February 1999), despite a slight recovery during late 1998, when German retail sales volumes were expanding at a moderate rate. A moderate rate of growth was also seen in the **United Kingdom**, where retail trade sales' volumes rose by 1.9% during the first quarter of 1999. There were higher rates of growth recorded in France, Italy and Spain, all above the European average. In **France** the rate of growth slowed somewhat, although remaining above the EU average. Data for the final quarter of 1998 reported an expansion in sales' volumes of some 4.7%. In **Italy** the index of retail sales was quickening, up by 3.4% in February 1999. The **Spanish rate of growth** was almost halved between November 1998 and February 1999, when the increase in the volume of retail sales was equal to 3.4%.

Within the **smaller Member States** the Netherlands, Austria and Denmark saw retail sales volumes growing at a slower pace than the European aggregate. In the Netherlands there has been a significant decrease in the rate of growth since May 1998, with the latest growth rate showing an increase of only 0.9% (February 1999). Such a low rate had not been observed during the last two years. In December 1998, Austrian sales' volumes grew by only 0.9%, the lowest rate of growth that had been registered since mid-1997. In Denmark the index of sales' volumes was starting to quicken, rising by 2.0% in February 1999.



* no data available

New Vehicle Registrations

New vehicle registrations increased by 5.6% in the EU during the three months to March 1999 (compared to the first quarter of 1998). This rate of growth was in line with that observed for February 1999 (when the same growth rate was equal to 5.7%). There was an upward trend in the latest data for all Member States, except Italy and Ireland. In the former new vehicle registrations displayed a declining trend from May 1998 onwards. This decline quickened during the final quarter of 1998 (to -17.6%), but the latest data available for March 1999 showed some signs of a recovery, -1.1%.

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	12-98	⇨	02-99	:	➘	➘	➘	:
EUR-11	12-98	⇨	02-99	:	➘	➘	:	:
B	10-98	⇨	12-98	:	➔	:	➘	:
DK	12-98	⇨	02-99	:	➘	➔	➘➘	:
D	12-98	⇨	02-99	:	➘	➘	➘	➘➘
EL	12-98	⇨	02-99	:	➚	:	➘	:
E	12-98	⇨	02-99	:	➚	:	➔	:
F	12-98	⇨	02-99	:	➔	➘	➔	:
IRL	11-98	⇨	01-99	:	➚➚	➘	➘➘	:
I	12-98	⇨	02-99	:	➘	➘	➘	:
L	10-98	⇨	12-98	➚	➚	➘	➘	:
NL	10-98	⇨	12-98	➔	➔	➘	➘	➔
A	10-98	⇨	12-98	:	➔	:	➘	➘
P	10-98	⇨	12-98	➚	➔	➘	➔	:
FIN	12-98	⇨	02-99	:	➚	➘	➘➘	:
S	12-98	⇨	02-99	:	➔	➔	➘	:
UK	12-98	⇨	02-99	:	➔	➚	➘➘	:
Japan	12-98	⇨	02-99	:	➘	➔	:	:
USA	12-98	⇨	02-99	:	➔	➘	:	:

(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%
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