

# Statistics

## in focus

### INDUSTRY, TRADE AND SERVICES

THEME 4 – 10/1999

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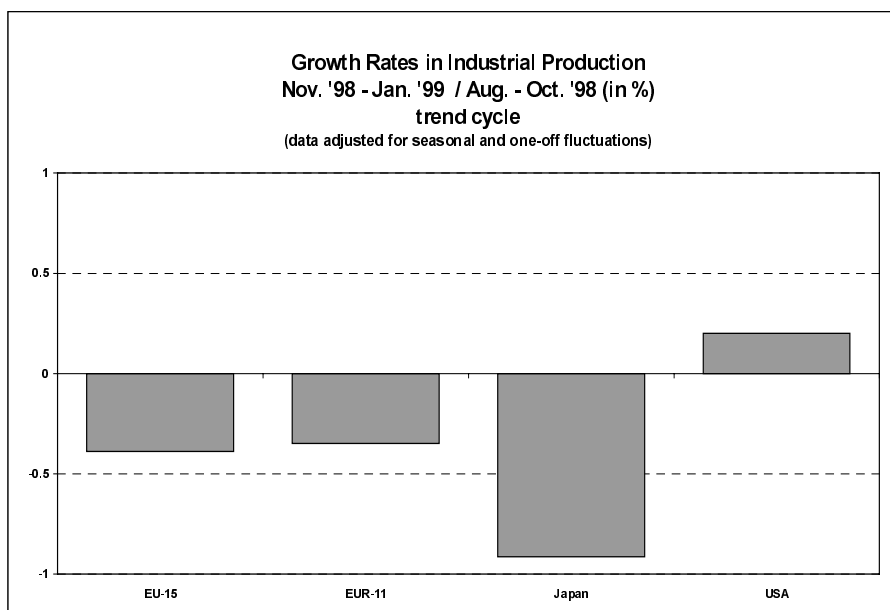
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# EU Production Index down by 0.4% in January 1999

Extract from:  
*Monthly Panorama of European Business*  
04/1999



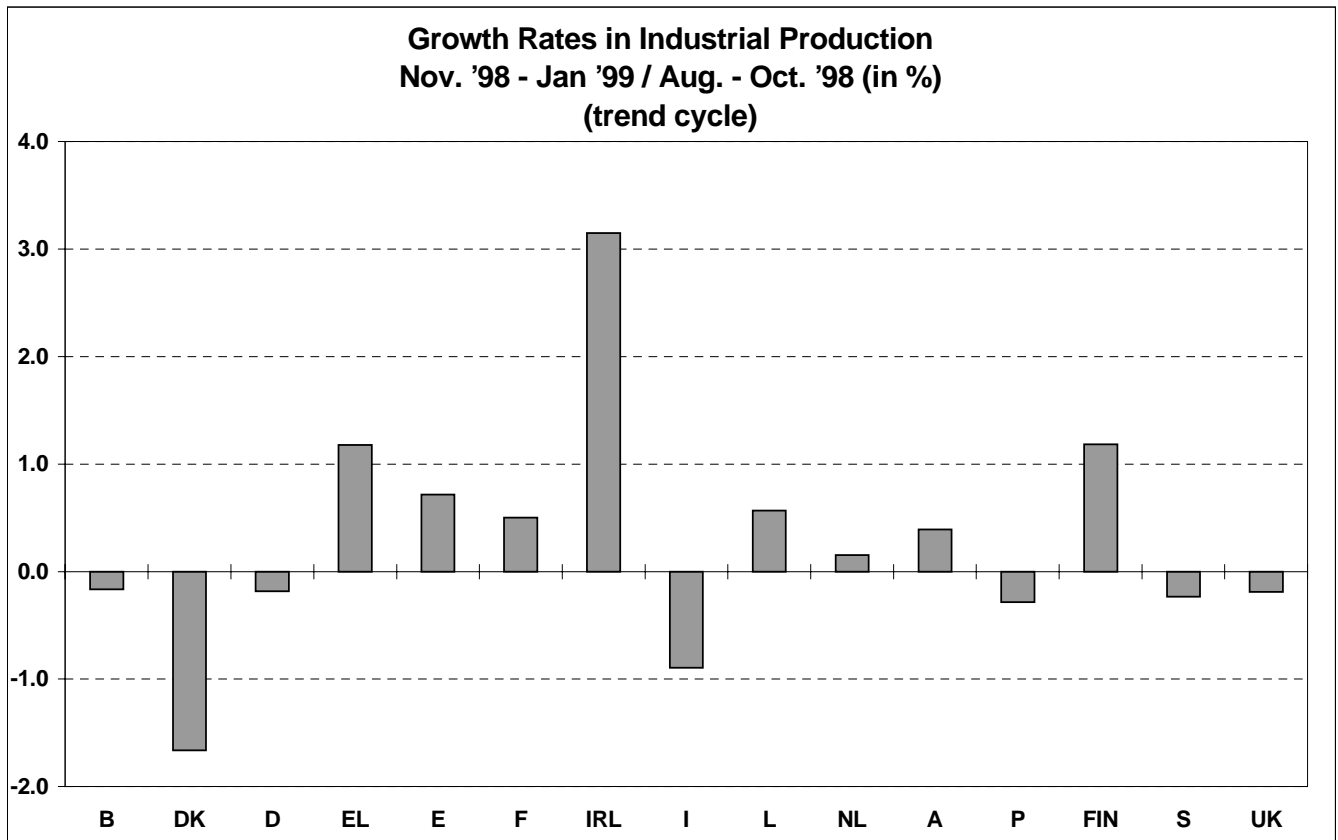
Looking at the data for the first month of 1999, we can see that the trend of a reduction in the level of activity which could be observed during December 1998, continued and was actually re-enforced. Data for **EU-15** for the period November 1998 to January 1999 showed that European production fell by 0.4% when compared to the previous three month period. The corresponding growth rate for the **EUR-11** aggregate<sup>1</sup> was -0.3%.

**International comparison** showed that the rate of growth for output was still positive in the **USA**, reflecting the continued optimism in the American economy observed in recent years. Growth for total industry was equal to 0.2% in January 1999 (compared to 0.3% in December 1998). The American growth rate has remained positive in every month for the last three years. In **Japan** there was a decline in activity, when comparing the rates of December 1998 with those of January 1999 (-0.8% and -0.9% respectively). This was the seventeenth consecutive month that declining output was recorded in Japan (the trend having started in September 1997).

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

Looking at the growth of production within the **Member States** we may observe that there are a number of countries reporting positive growth. These countries include Finland (1.2%, January 1999), Greece (1.2%,

December 1998), Ireland (3.1%, December 1998), Luxembourg (0.6%, December 1998) and Spain (0.7%, January 1999).



### Production trends for the four goods sectors

Looking in more detail at the composition of the total industry figure for each of the Member States we can provide information for each of the main industrial groupings by country. These data are normally available to the same date as the total industry figure.

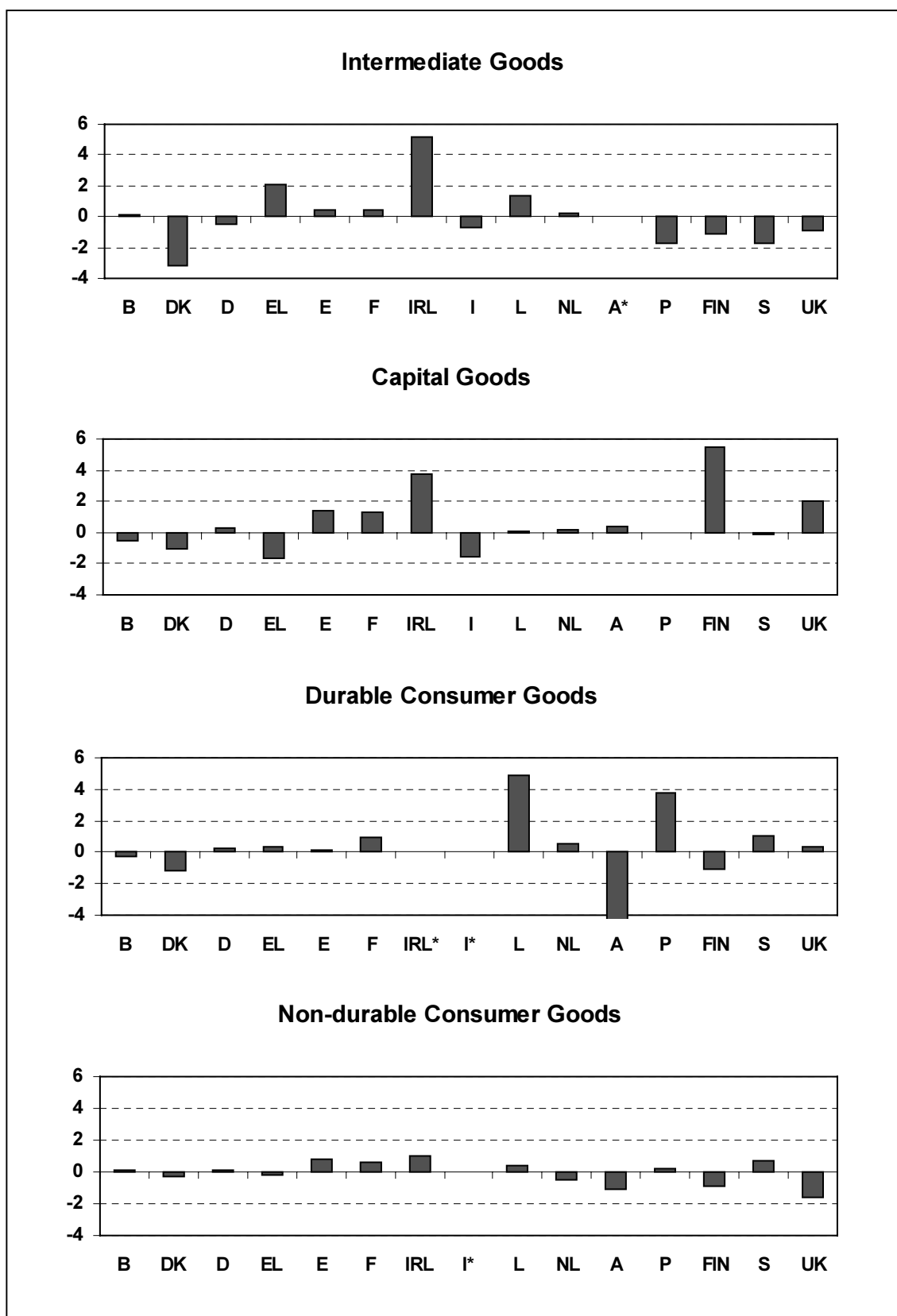
In **Germany** all of the main industrial groupings reported output trends superior to those observed for Europe as a whole. The differences ranged between 0.5 percentage points higher for consumer durables to only 0.1 percentage points for intermediate goods, the only German main industrial grouping to display a negative rate of change, -0.5%, again for January 1999.

In **France** all four industrial groupings out-performed the European average, with the largest divergence being found for capital goods and consumer durables, where growth rates in excess of one percentage point above the European average were recorded. None of the main industrial groupings in France reported negative rates of change for January 1999. The highest growth rates were recorded by capital goods and consumer durables, up by 1.3% and 1.0% respectively (to January 1999).

In **Italy** the picture was not as positive. Indeed, the latest figures for January 1999 showed that only consumer non-durables were out-performing the European average. The output of consumer durables in Italy declined by 1.2% (to December 1998). This was by far the most significant decline recorded by the four industrial groupings. The other three industrial groupings all recorded output relatively unchanged in the three-month period to January 1999. Latest rates of change for January 1999 were intermediate goods (-0.7%), capital goods (-1.5%) and consumer non-durables (-0.1%, to December 1998).

In the **United Kingdom** there were mixed rates of growth for the different industrial groupings in January 1999. Capital goods and consumer durables both displayed quite strong positive rates, up by 2.0% and 0.4% respectively. However, the data for intermediate goods and consumer non-durables was not as encouraging, with reductions of -0.9% and -1.6% being recorded.

## Production Trends for the Main Industrial Groupings

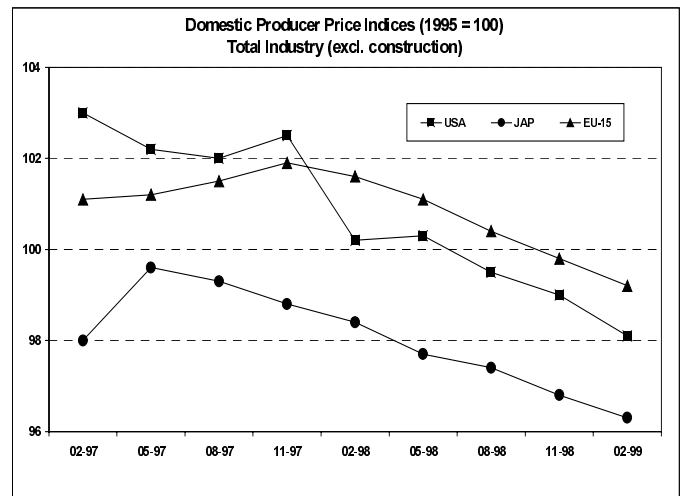


Figures: Growth rates (trend cycle)  
Changes Nov. '98 – Jan. '99 / Aug. – Oct. '98 (in %)  
\* no data available

## Producer Prices Falling

Turning to the development of domestic output prices in industry we find that the recent trend of very low or negative changes in producer prices continued in January 1999. The **EU-15** producer price index for total industry fell by 2.4% in February 1999, compared to reductions of -2.1%, -2.3% and -2.4% during the period November 1998 to January 1999. Producer price reductions in the **euro-zone (EUR-11)** were even more pronounced than those for the whole of the European Union, for February 1999 they declined by 2.8%.

The trend of negative producer prices within Europe was reflected in the other two Triad economies. **USA** producer prices for total industry fell by 1.8% in January 1999, showing a fairly marked change compared to the data for December 1998 (-3.2%). **Japanese** figures showed a continuation of the trend observed in recent months, a reduction of 2.2% was posted for January 1999.

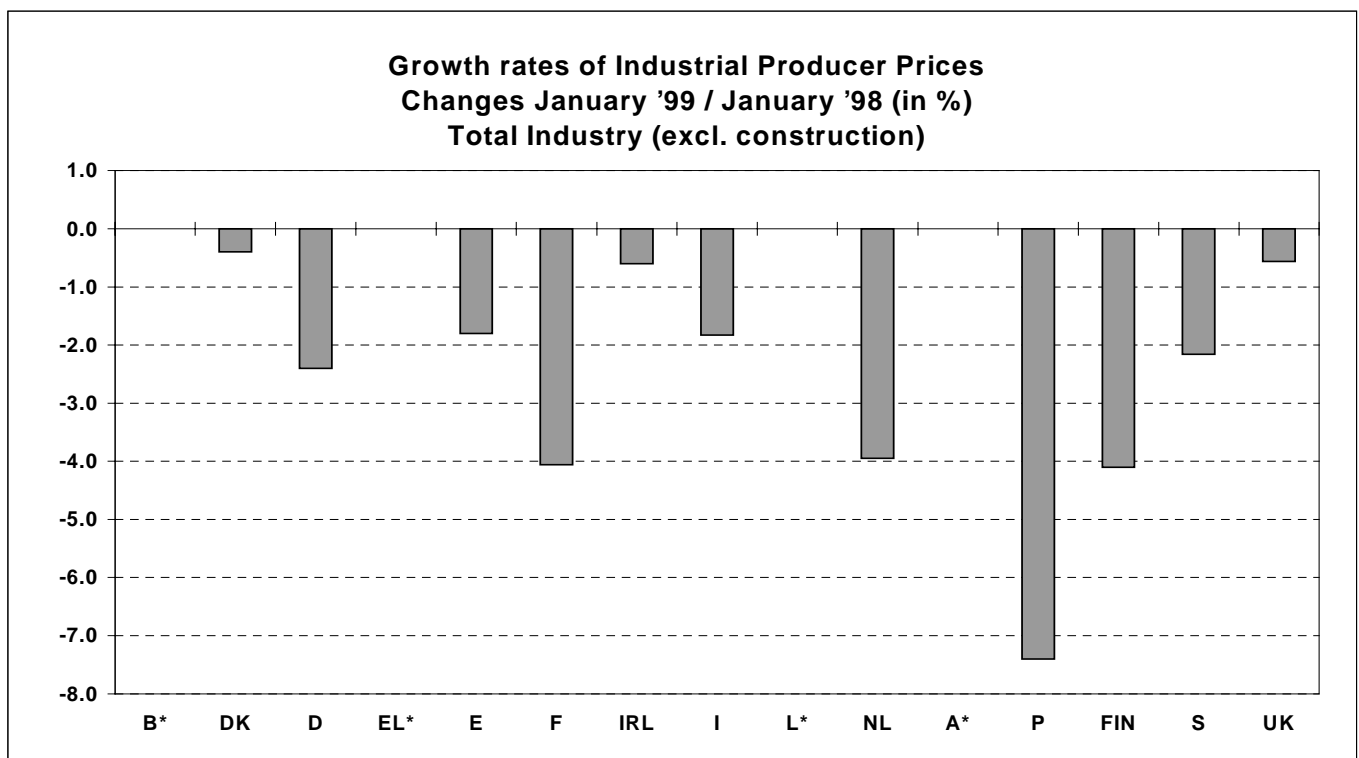


## Situation in the Member States

Within the Member States, all countries (with the exception of Greece and Luxembourg) reported negative trends in the development of producer prices for total industry. The Greek figure stood at 1.5% in November 1998 (compared to 2.8% growth in November 1997).

The larger Member States reported a decline in producer prices for total industry. The reduction in France was particularly pronounced, with the data for

February 1999 suggesting there was a no improvement (a reduction of 4.1% for the second consecutive month). German producer prices continued to fall at a more rapid pace, -2.4% in February 1999 (compared to -1.9% in December 1998). For the other large Member States, the latest rates of change were as follows: Italy (-1.8%, February 1999), Spain (-1.8%, January 1999) and United Kingdom (-0.6%, February 1999).



\* no data available

## Production in construction

Construction activity within the European Union has taken a somewhat dramatic downturn in activity in recent months. Data for **EUR-11** shows that the production index of construction for the euro-zone declined by 2.4% in the three months to December 1998 (compared to data for the same three-month period of 1997). Data for the **EU-15** aggregate was also available as far as the fourth quarter of 1998, when output was down by 2.1% compared to the final quarter of 1997.

Looking at the decline observed for the euro-zone, one of the main

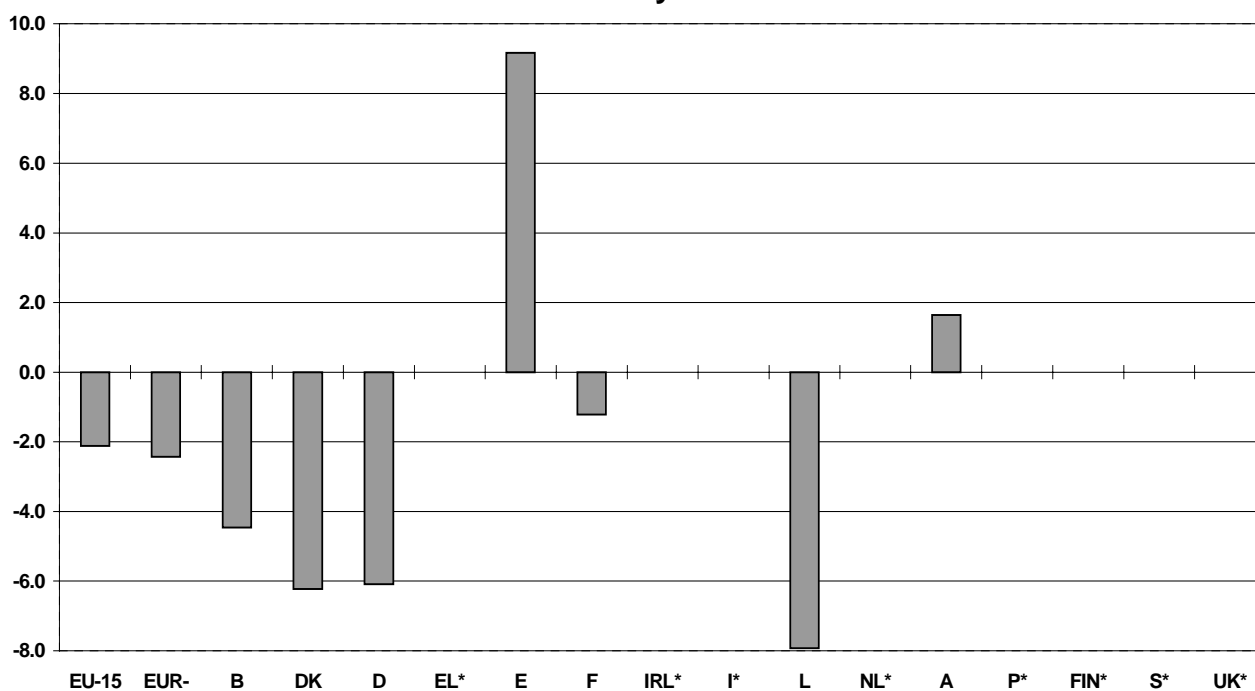
reasons was the performance of **Germany**, where negative rates of change have now been posted for the last ten months for which data is available. German output declined by 4.2% in the three-month period to January 1999, compared to the same three months of 1997/1998. Data for **France** has also been following a negative trend to the end of 1998, with reductions of between 1% and 3% being recorded during the second half of 1998 (again annual changes compared to data from 1997). However, the latest figure for January 1999 (-0.2%) suggested there may soon be a

return to positive growth rates in France (after ten consecutive months of negative rates), albeit at moderate rates.

In **Spain**, production growth remained positive, the rates of growth were however somewhat reduced compared to the summer of 1998 (when growth in excess of 30% was recorded during the period May to July 1998).

Data for **Italy** and the **United Kingdom** is unfortunately not available, as it is confidential.

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



\* no data available

## Building and Civil Engineering

If we turn attention to a more **disaggregated level of detail**, we find that there is information available on the output of both the building sector and civil engineering. Output within the **activity of building** fell by 3.5% in the EU

during the final quarter of 1998 (compared to the final quarter of 1997). The corresponding figure for EUR-11 was -4.3%.

It was also possible to have figures through to the fourth quarter of 1998 for **civil engineering**, with the

respective rates of change for EU-15 and EUR-11 of -0.4% and 0.1% (on the basis of a final quarter 1997 to final quarter 1998 comparison).

## Retail sales volumes

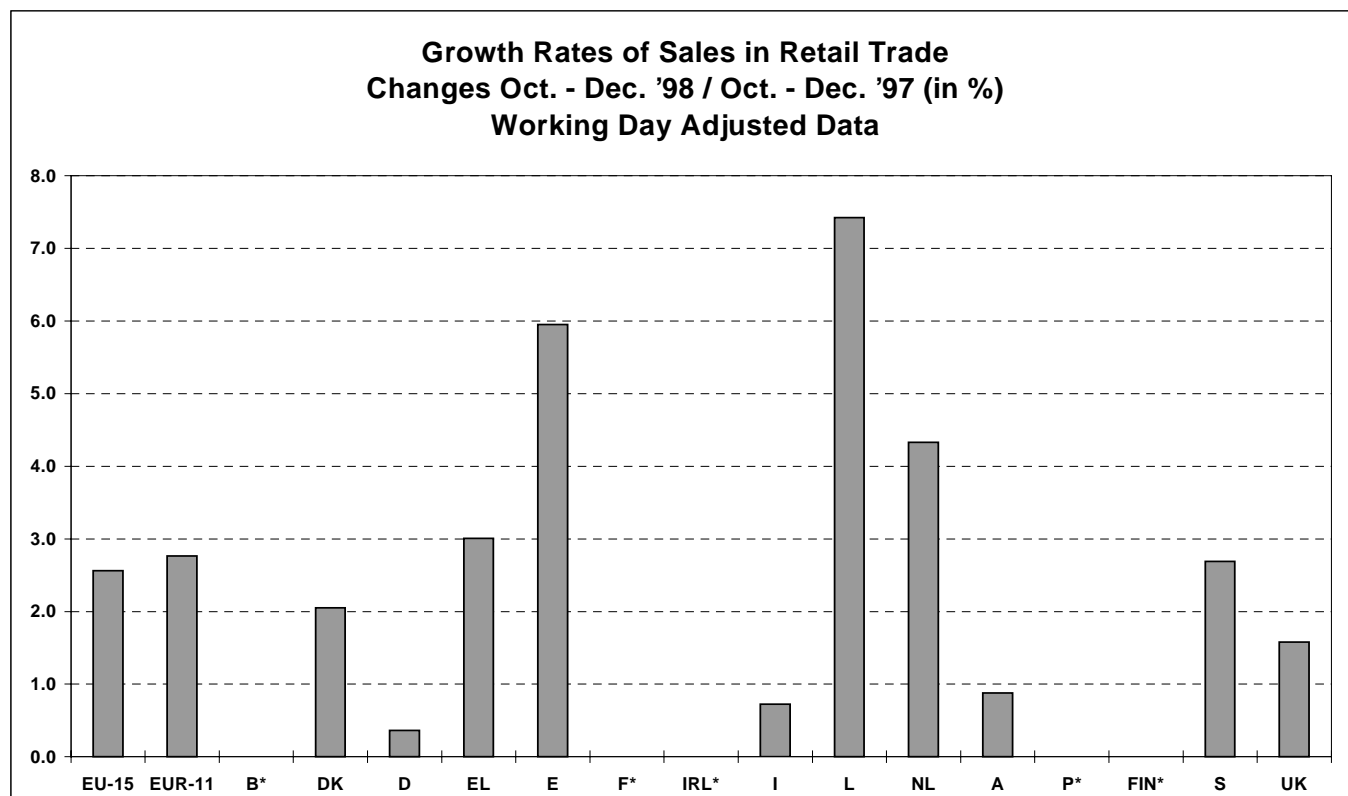
The **EU-15** index of retail sales volumes increased by 2.6% in the three months to December 1998 (compared to the three months of the year before). In the euro zone (**EUR-11**) the index was also on an upward trend, slightly above the corresponding rate for the EU-15 aggregate (up by 2.8% in the final quarter of 1998 compared to the

same quarter in 1997). Similar rates of growth were observed in Greece (3.0% for December 1998) and Sweden (2.7% for January 1999)

In the **United Kingdom** retail trade grew by 1.4% (February 1999), the third consecutive month that a slightly slower pace has been recorded (below the level of 2%).

In **Germany** sales volumes were just increasing (Latest data showed an increase of 0.4% to January 1999).

Four countries repeated their latest figures (for November 1998) above 5%: they were Finland (5.5%, France (5.2%), Ireland (7.8%) and Luxembourg (7.4% for December 1998).



\* no data available

## New vehicles registration

In the three months to December 1998 new vehicle registrations in the **EU** rose by 7.6% (compared to the same period a year before). This rate of growth was the seventh consecutive month that a positive trend had been recorded for new vehicle registrations. In **Finland** there was continued growth, even higher than in November 1998, with an increase of 32.4% (latest data for December 1998 for all countries, unless otherwise stated). In the

same month the second highest growth was observed in **Austria** (up by 23.9%), closely followed by the Netherlands and Portugal (up by 21.7% and 21.5%).

In **Germany** new vehicle registrations increased by 11.0%, or 0.2 percentage points faster than in November 1998. There was also a considerable increase in **France** too (up by 12.4%) and Spain (up by 17.3%), whilst in **Greece** the rate grew from 4.1% in December 1998

to 35.7% in January 1999.

In the **United Kingdom** there was a more modest trend in the increase of new vehicle registrations, (up by 1.3% in December 1998).

In two other Member States the number of registrations decreased: Ireland and Italy (down by 39.3% and 15.1% respectively, comparing the final quarter of 1997 with that of 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
<b>EU-15</b> 11-98 ⇨ 01-99	:	→	↘	↘	:
<b>EUR-11</b> 11-98 ⇨ 01-99	:	→	↘	:	:
<b>B</b> 10-98 ⇨ 12-98	:	→	:	↘	:
<b>DK</b> 10-98 ⇨ 12-98	:	↘	↘	↘	↘
<b>D</b> 11-98 ⇨ 01-99	:	→	↘	↘	↘↘
<b>EL</b> 10-98 ⇨ 12-98	:	↗	:	↘	:
<b>E</b> 11-98 ⇨ 01-99	→	↗	↘	→	:
<b>F</b> 11-98 ⇨ 01-99	→	↗	↘	→	:
<b>IRL</b> 10-98 ⇨ 12-98	:	↗↗	↘	↗↗	:
<b>I</b> 11-98 ⇨ 01-99	:	↘	↘	↘	:
<b>L</b> 10-98 ⇨ 12-98	↗	↗	↘	↘	:
<b>NL</b> 10-98 ⇨ 12-98	→	→	↘	↘	→
<b>A</b> 10-98 ⇨ 12-98	:	→	:	↘	↘
<b>P</b> 10-98 ⇨ 12-98	↗	→	↘	→	:
<b>FIN</b> 11-98 ⇨ 01-99	↗	↗	↘	↘↘	:
<b>S</b> 11-98 ⇨ 01-99	:	→	↘	↘	:
<b>UK</b> 11-98 ⇨ 01-99	→	→	↗	↘↘	:
<b>Japan</b> 11-98 ⇨ 01-99	:	↘	→	:	:
<b>USA</b> 11-98 ⇨ 01-99	:	→	↘	:	:

(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%
:	no data available

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