



European Association of the Machine Tool Industries

Where manufacturing begins

CECIMO Statistical Toolbox

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Introduction

(Glossary at the end of the document)

The Spring 2015 European Commission's economic forecast estimates the real GDP to rise by 1.8 % in the EU and by 1.5 % in the euro area in 2015, respectively 0.1 and 0.2 percentage points higher than projected three months ago. For 2016, the Commission forecasts growth of 2.1 % in the EU and of 1.9 % in the euro area. European economies are benefitting from many supporting factors at once. Oil prices remain relatively low, global growth is steady, the euro has continued to depreciate, and economic policies in the EU are supportive.

Regarding monetary policy, the quantitative easing by the European Central Bank (ECB) is having a significant impact on financial markets, contributing to lower interest rates and expectations of improving credit conditions. With the overall fiscal stance in the EU being broadly neutral – neither tightening nor loosening – fiscal policy is also accommodating growth. Over time, the pursuit of structural reforms and the Investment Plan for Europe should also bring results. Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, confirmed: "The European economy is enjoying its brightest spring in several years, with the upturn supported by both external factors and policy measures that are beginning to bear fruit. But more needs to be done to ensure this recovery is more than a seasonal phenomenon. Delivering on investment and reforms and sticking to responsible fiscal policies are key to obtaining the lasting jobs and growth Europe needs."

The investment gap is addressed at both national and the EU level. Under the so-called Juncker Plan, the European Fund for Strategic Investments has been created. The activities of the EC also include the creation of a pipeline of trustworthy projects to provide transparency and better information for private and public

investors. There is a significant potential for investment in Europe: this data base already contains about 2,000 projects with some €1.3 trillion of needed financing input.

The regulatory complexity and red tape is targeted in the European Commission's Better Regulation Agenda that was adopted on May 19. This initiative creates additional opportunities for the SME-dominated, highly competitive European machine tool sector to express its views. The Commission will open up its policy making process further to public scrutiny and input with a web portal, where initiatives can be tracked, and new public consultations, where existing policies or new proposals are assessed.

There will also be new opportunities for stakeholder comments throughout the entire policy lifecycle, from the initial Roadmap to the final Commission proposal. After the Commission has adopted a proposal, any stakeholder will have 8 weeks to provide feedback or suggestions which will feed into the legislative debate before the Parliament and Council. The Commission is strengthening its approach to impact assessment and evaluations to improve the evidence base which underpins all legislative proposals, without prejudice to political decisions. As a new element, impact assessments are conducted throughout the legislative process, not just when the Commission prepares its proposal providing more opportunities for European industries to voice the needs of smart and competitive manufacturing.

↓ 2.2 Interest rates – EURIBOR

The average 3-month Euribor recorded 0.0047% and 12-month Euribor 0.18% in April. Compared to March, the average 3-month Euribor and 12-month Euribor decreased both 3 percentage points.

The annual inflation in the euro area was 0.0% in April 2015, up from -0.1% in March and -0.3% in February. Consumption growth and improving economic sentiment will support the adjustment in the path of inflation and wipe away the fairs of lasting deflation. On the other hand, the ECB's purchases of euro-denominated public sector securities points to continuing low interest rates. This purchase program is intended to run until the end of September 2016.

See [glossary](#) for definitions



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2.3 Industrial production index

In March 2015 compared with February 2015, seasonally adjusted industrial production fell by 0.3% in the euro area (EA19) and remained stable in the EU28, according to estimates from Eurostat, the statistical office of the European Union. In February 2015, industrial production rose by 1.0% and 0.8% respectively.

The decrease of 0.3% in industrial production in the euro area is due to the production of energy falling by 1.7%, the production of both capital goods and durable consumer goods by 0.9%, and the production of intermediate goods by 0.3%. Industrial production remained stable in the EU28 due to production of non-durable consumer goods rising by 2.1% and the production of intermediate goods remaining stable, while the production of capital goods and durable consumer goods each fell by 0.5%, and the production of energy by 1.0%.

The largest decreases in industrial production were registered in the Netherlands (-3.6%), Lithuania (-3.4%) and Estonia (-1.0%), and the highest increases in Latvia (+10.9%), Denmark (+4.6%), and Ireland (+3.0%).

In March 2015 compared with March 2014, industrial production increased by 1.8% in the euro area and by 2.0% in the EU28. The increase in the euro area is due to the production of non-durable consumer goods rising by 5.7%, the production of energy by 3.8% and the production of capital goods by 0.3%, while the production of intermediate goods remained stable and the production of durable consumer goods fell by 1.7%. In the EU28, the increase is due to the production of non-durable consumer goods rising by 4.6%, the production of energy by 2.3%, the production of capital goods by 1.2%, the production of intermediate goods by 0.9% and the production of durable consumer goods by 0.3%.

In yearly comparison, the highest increases in industrial production were registered in Ireland (+40.0%), Hungary (+8.9%), Latvia (+8.7%) and Poland (+6.6%). Decreases were recorded in Finland (-4.4%), Sweden (-1.1%), Malta (-1.0%) and Germany (-0.1%).

See [glossary for definitions](#)

2.6 Bank lending survey

In the first quarter of 2015, credit standards on loans to enterprises were eased further, thereby supporting the recovery of loan growth. Banks reported an easing of credit standards on loans to enterprises of -9% after -5% in the previous quarter. This was stronger than banks' expectations in the previous survey round. Across firm size, credit standards were eased on loans to both large firms and small and medium-sized enterprises (SMEs). Regarding loan maturity, credit standards for long-term loans were marginally tightened (with the net percentage of euro area banks at -3%, from -4%), whereas for short-term loans, credit standards were eased (with the net percentage at -9% from -6 in previous quarter). Looking ahead to the second quarter of 2015, euro area banks expect a small net easing of credit standards on loans to enterprises.

Net demand for loans (i.e. the difference between the sum of the percentages of banks reporting an increase and that of banks reporting a decline in demand) to enterprises continued to improve, but fell back from the high level reported in the fourth quarter of 2014. The increase in demand for loans to enterprises stood at 6%, after 18% in the previous quarter, remaining above its historical average, but below banks' expectations for this quarter at the time of the previous survey round. At the same time, banks expect a considerable increase in demand for loans to enterprises in the second quarter of 2015. Financing needs related to inventories and working capital and in particular the low general level of interest rates contributed strongly to the demand for loans to enterprises. By contrast, the fact that there was no demand for fixed investment is the main factor explaining the total loan demand fall-back.

See [glossary for definitions](#)

2.7 Foreign exchange rates

The exchange rate of the euro continued to depreciate amid expectations of a diverging monetary policy in the euro area and other countries. The effective exchange rate of the euro has weakened by 3.7% in trade-weighted terms over the last month. The euro depreciated broadly vis-à-vis most major currencies and



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reached a twelve-year low both in effective terms and vis-à-vis the US dollar in the beginning of April.

The euro depreciation has been broad-based. The average euro exchange rate depreciated against the Swiss franc by 2.2%, the Japanese yen by 1.1% and against the US dollar by 0.5% in April. Taking into account market expectations, the euro exchange rate will continue at low levels supporting regions production and exports.

3.1 OECD Business Confidence Indicator (BCI) for Europe

Business confidence indicators (BCIs), designed to anticipate turning points in economic activity relative to trend, point to a weakening growth momentum in the OECD area as a whole as well as in Russia and in the United Kingdom. The growth momentum is improving in India. The BCIs continue to point to stable growth in Japan and China. The growth is below the historical average and losing its momentum in the United States and Brazil.

In Europe and in the euro area, BCIs point to stable growth. The growth continues to strengthen in Italy and Spain. Germany and France show the stable growth above its historical average.

See [glossary for definitions](#)

3.2 Purchasing Managers' Index (PMI)

Global manufacturing growth eased in April as both the production and new orders slowed down. The PMI posted at 51.0 down from 51.7 in March. However the index has been above the 50 mark that divides growth from contraction since October 2012. The slowdown was broad-based in nature.

The final Chinese PMI was at 48.9, lower than the preliminary reading of 49.2. Japanese manufacturing activity contracted in April for the first time in almost a

year as domestic orders and output fell, adding to signs that the economy is struggling to gain traction. The manufacturing growth in the UK cooled to 51.9 from 54 in March as the stronger pound weakened demand for British goods abroad, raising fears that economic growth is losing momentum. It is only in the US that it stayed stable: the April PMI stayed at the level of March of 51.5.

The euro area PMI slipped to 52 in April from 52.2 in March. The strong European performance mostly rests on solid export orders while manufacturers raised prices for the first time in eight months. Hopefully, this will contribute to reduce the fears of deflation in the region. Spain and the Netherlands led the top-performers while the strong results of Italy increase its outlook for economic recovery. The growth of German manufacturing output slowed slightly but it stays in expansionary zone. Only France's manufacturing struggled to find the growth path.

"The eurozone manufacturing sector continued to grow in April, but the dip in the rate of expansion will serve to check recent optimism that the ECB's quantitative easing programme has bought a guaranteed ticket to recovery for the region. Warning lights are flashing particularly brightly over France and Greece, both of which saw accelerating rates of decline at the start of the second quarter. Weaker rates of growth in Germany and Ireland are also cause for concern. However, the ECB asset purchase programme is still very much in its infancy, and given the concerns over Greece it's not surprising that the road to recovery will be bumpy," commented Markit.

See [glossary for definitions](#)

4 MT-IX

In April, the MT-IX increased 6.3%. The index gained 14 points compared to March's value, and posted at 238 points in April 2015.

The market value of machine tool companies decreased in Taiwan and the United Kingdom. The market capitalisation of machine tool builders in South-Korea, Switzerland, the euro area and Brazil grew. Machine tool companies from Japan and the United States booked more varied results.

See [glossary for definitions](#)

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↓ 5.2 CECIMO Business Climate Barometer

April's CECIMO Business Climate Barometer shows a positive but degrading outlook for the European machine tool industry. The survey included 64 machine tool companies in Europe and was distributed to the respondents between 15 April and 18 May 2015. The responses to questions in the CECIMO Business Climate Barometer are analysed as the difference ("net percentage") between the share of companies reporting increase and the share of companies reporting decrease in their business activities.

European machine tool builders are optimistic about their current business situation. However the net percentage of companies reporting a good business situation declined to 17% in April from 20% in January 2015. Expectations regarding demand, production and exports showed a negative trend. On the other hand employment is expected to grow during the next 3 months. 12% more companies forecast to hire additional employees compared to 9% in January.

European machine tool builders assess Europe as the export market with the best potential. Americas are expected to keep their high demand for machine tools, while the balance in Asia is clearly tilted towards declining consumption of investment goods. The EU's sanctions result in very low expectations regarding export potential to Russia and the CIS countries.

In April, 91% of respondents experienced limitations to their production which is the same level compared to January. Almost half of the respondents consider market (orders) situation the main drag for production growth. A shortage of skilled labour and too low technical capacity are also common restrictions.

↑ 6 European Commission's Forecast

The outlook for economic growth in the EU has brightened. Several recent economic indicators confirm that a cyclical upswing driven by private consumption is gathering pace. The real GDP in 2015 is now expected to rise by 1.8 % in the EU

and by 1.5 % in the euro area, respectively 0.1 and 0.2 percentage points higher than projected three months ago. For 2016, the Commission forecasts growth of 2.1 % in the EU and of 1.9 % in the euro area.

One of the main factors working in the EU's favour is the price of oil, which remains exceptionally low, even after having bounced back since the winter. At the same time, the effective exchange rate of the euro has continued to fall, boosting firms' competitiveness and profit margins. Financial markets and asset prices are also benefiting from the substantial liquidity being created by the ECB's expanded asset purchase programme. Easier financing conditions should support lending, confidence, investment and ultimately economic growth.

Pushed by the gradual recovery in advanced economies, global growth (excluding the EU) is expected to stabilise at 3.8% this year and pick up moderately to 4.3% in 2016. That is a fraction lower than expected in the winter. The robust momentum of economic growth in the US is expected to strengthen throughout 2015, as private consumption is boosted by a strong labour market and real income gains stemming from low oil prices and the strong dollar. In China, GDP growth appears to be slowing in a controlled manner towards the authorities' target of 7%, along the lines of their deliberate strategy to rebalance growth.

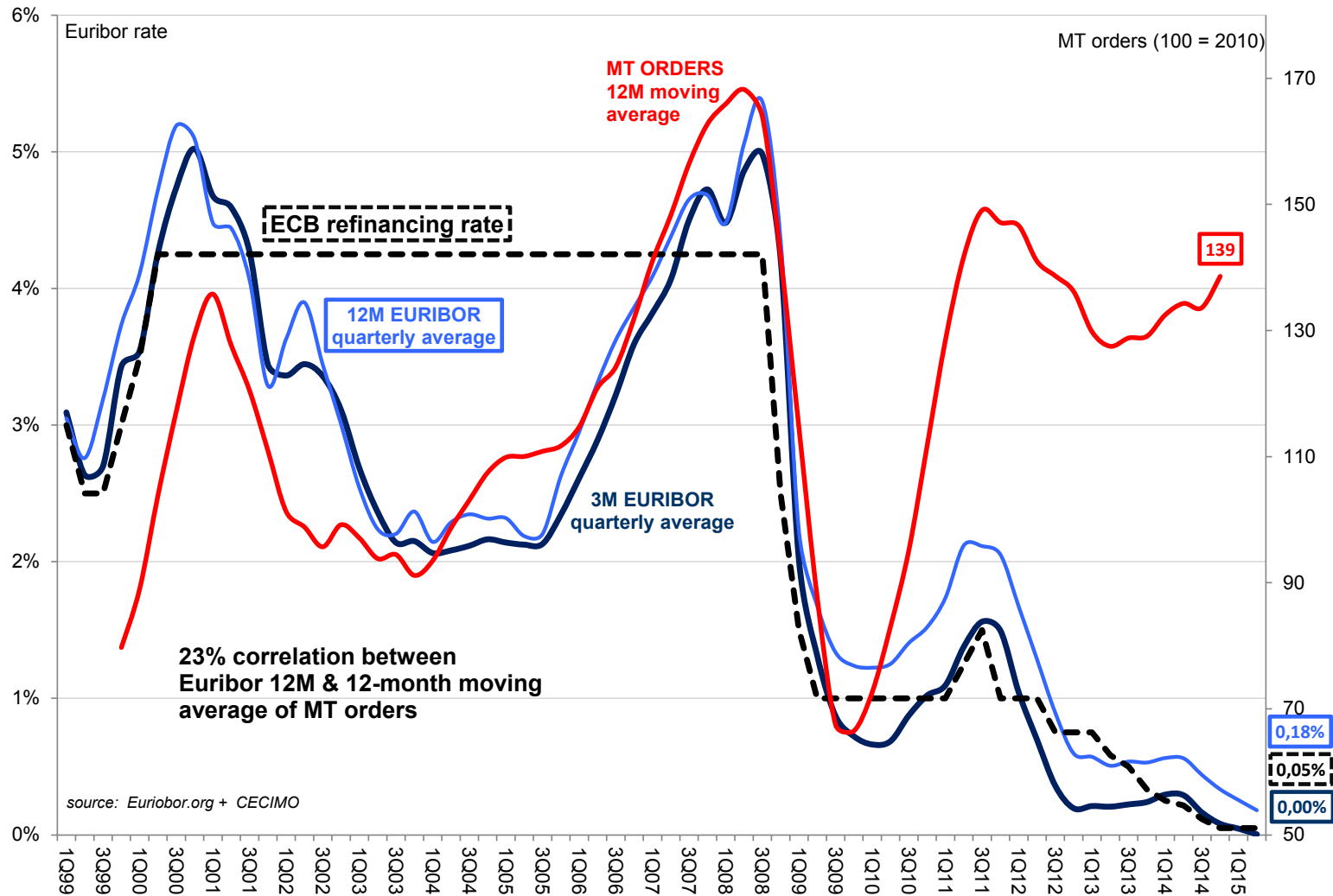
See [glossary](#) for definitions

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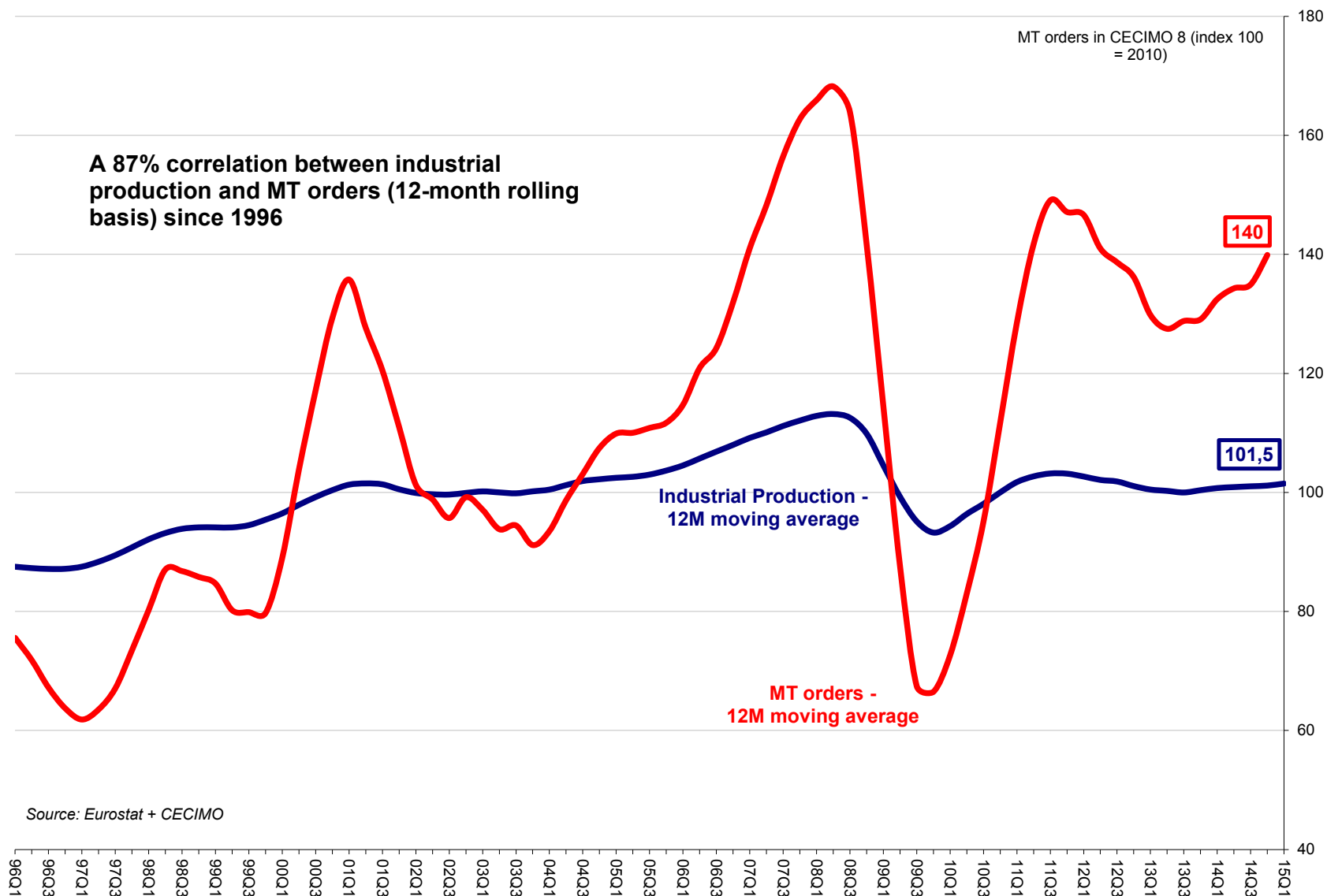
2.2 Interest rates - EURIBOR

see commentary [---->](#)



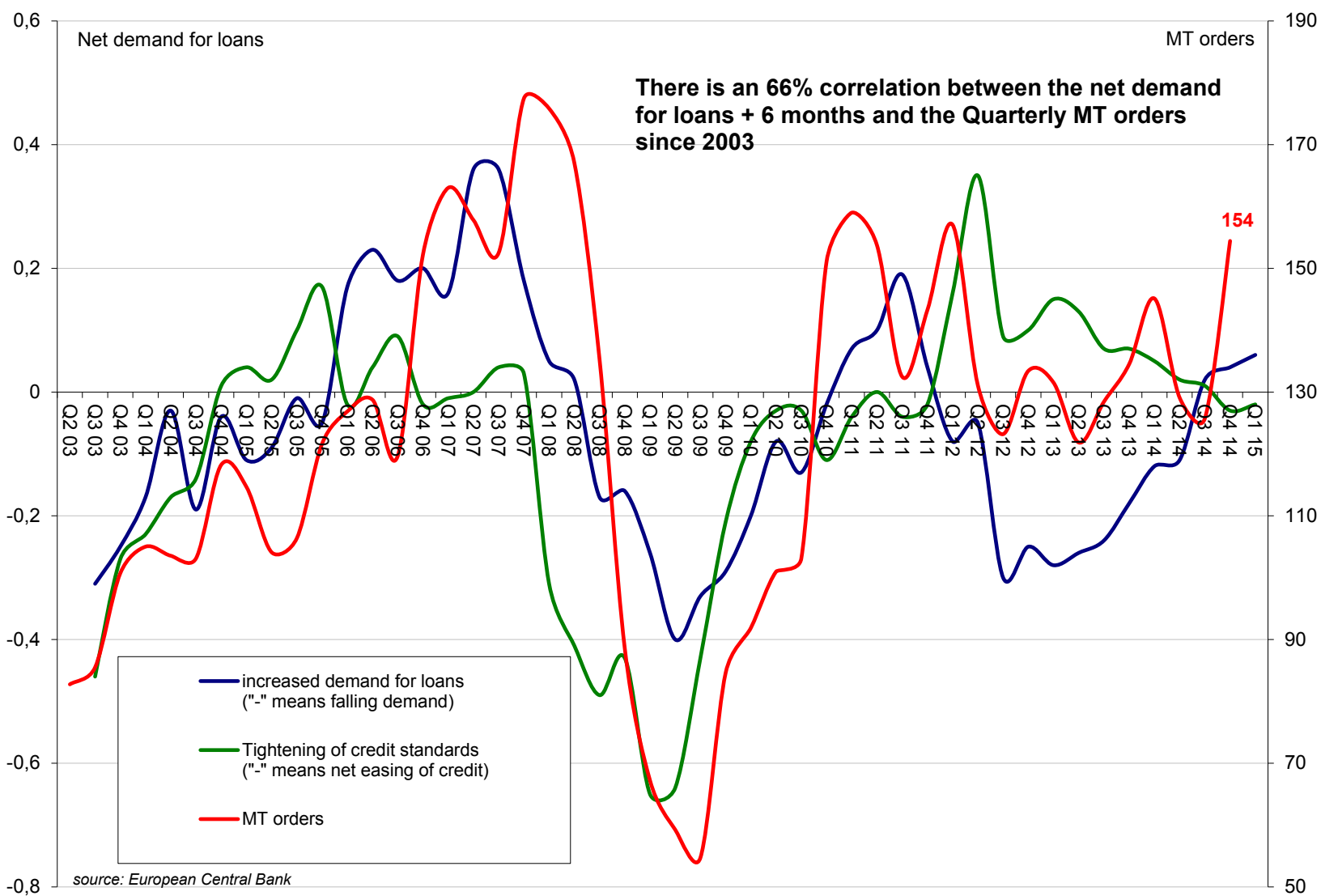
2.3 Industrial production index

see commentary →



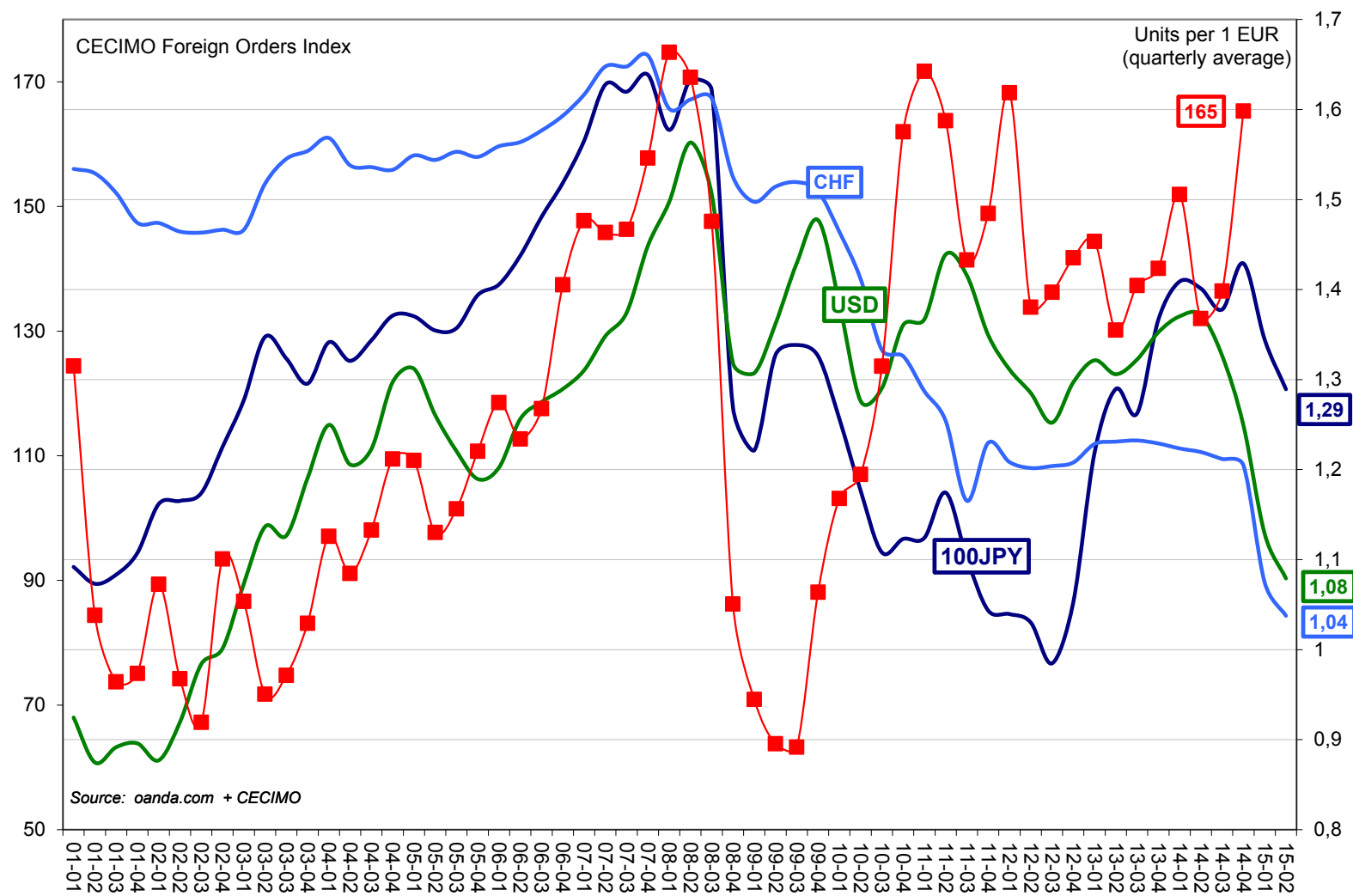
2.6 Bank lending survey

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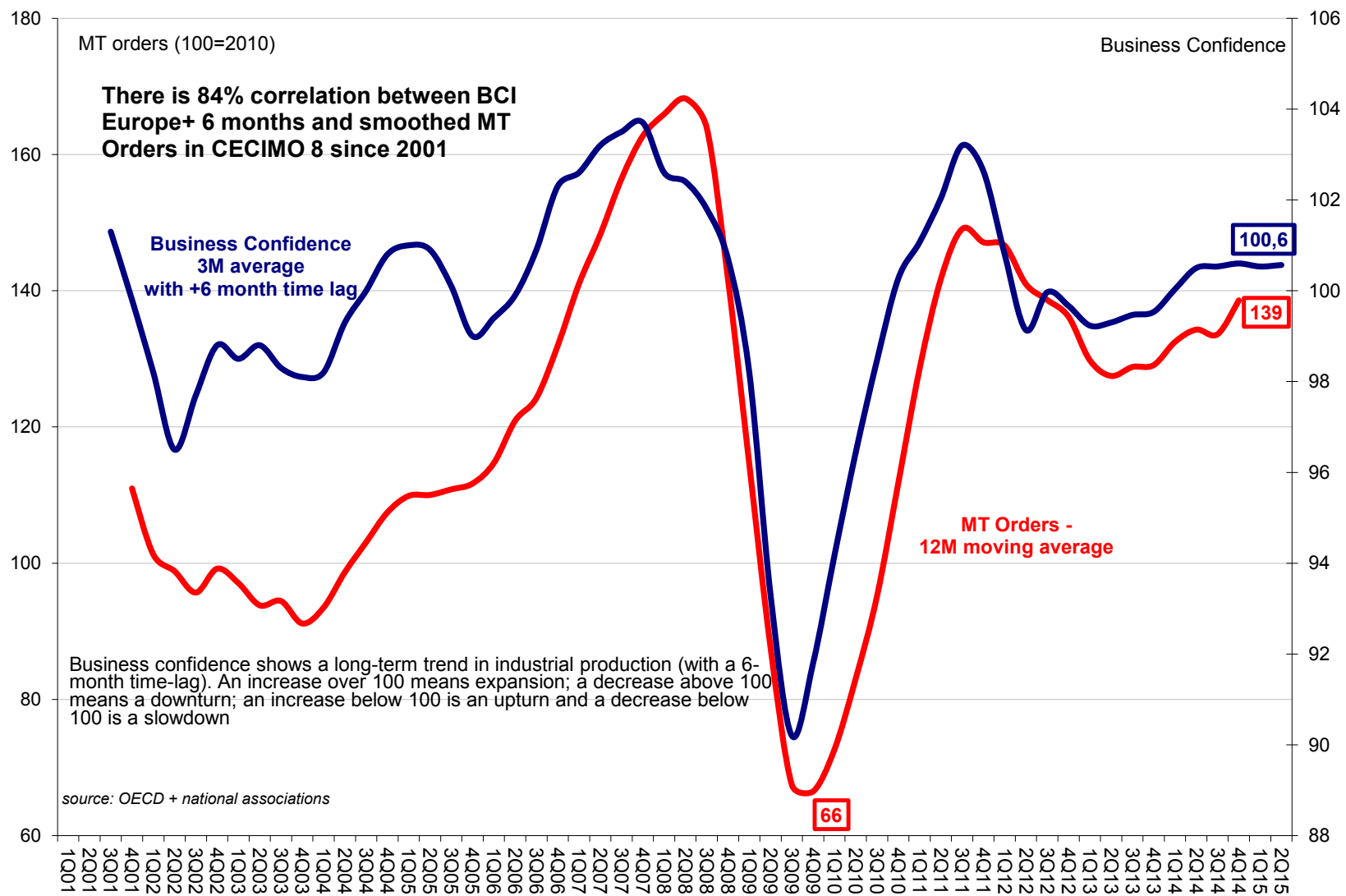
2.7 Foreign exchange rates

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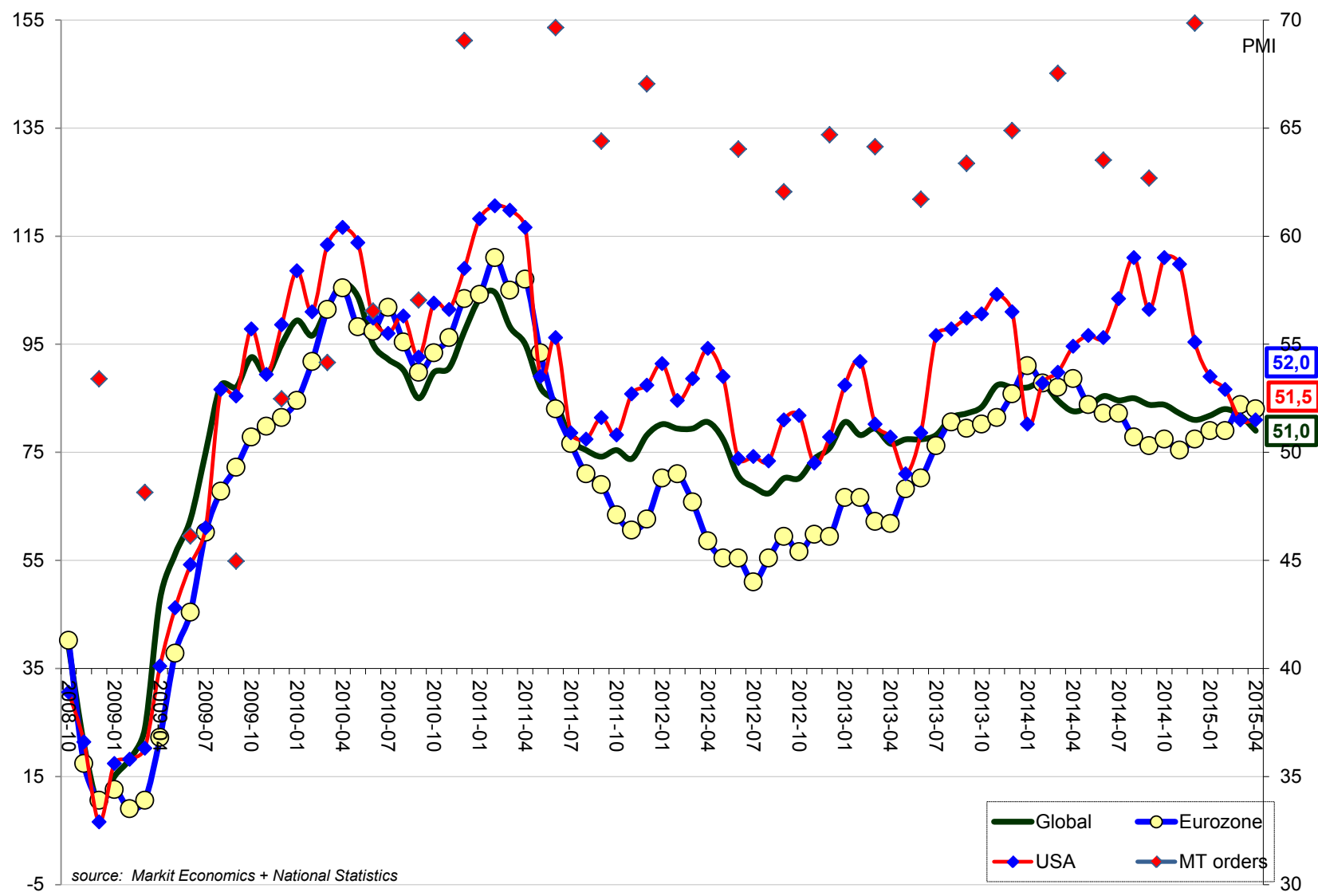
3.1 OECD Business Confidence Indicator (BCI) for Europe

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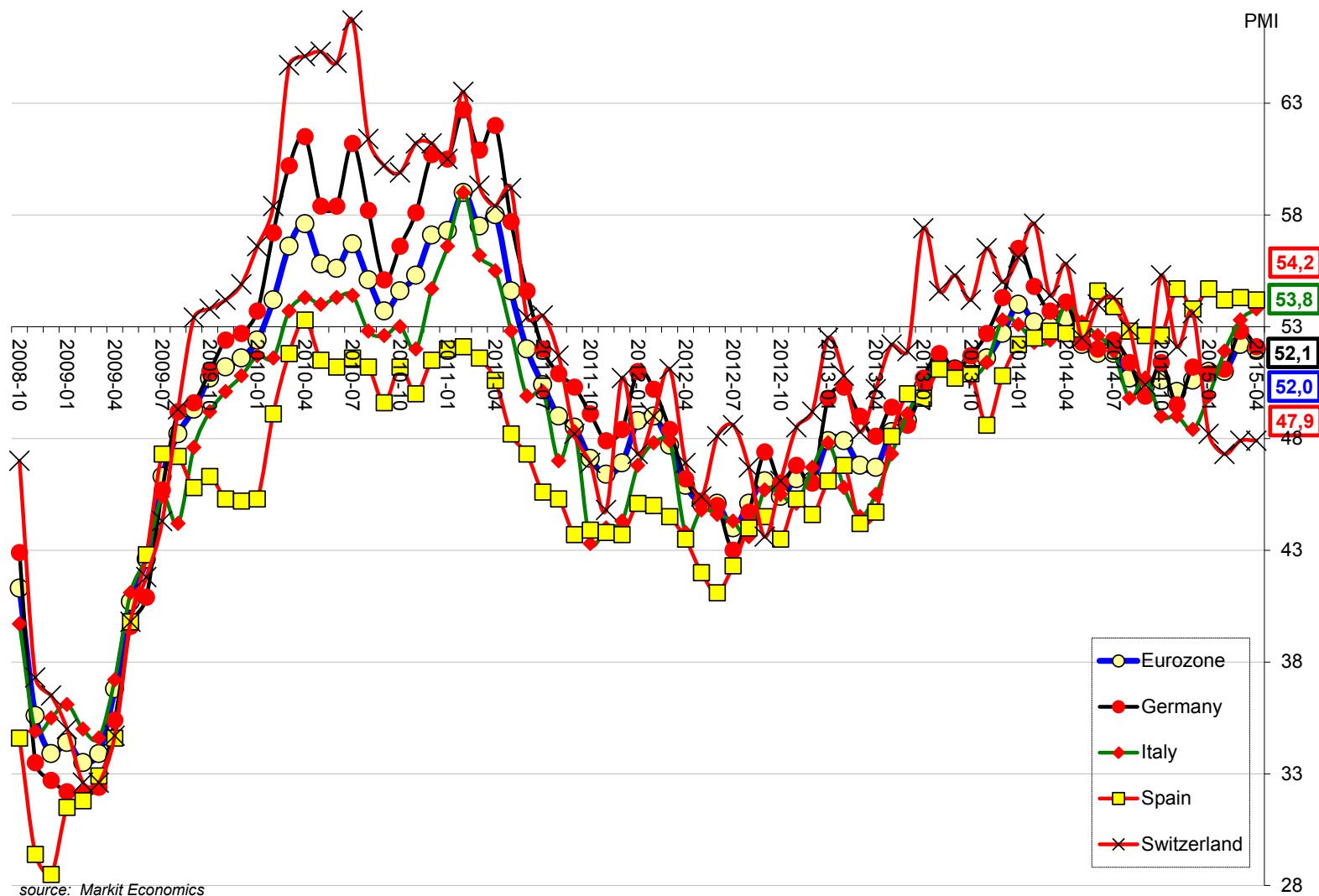
3.2 Purchasing Managers' Index (PMI) - Global

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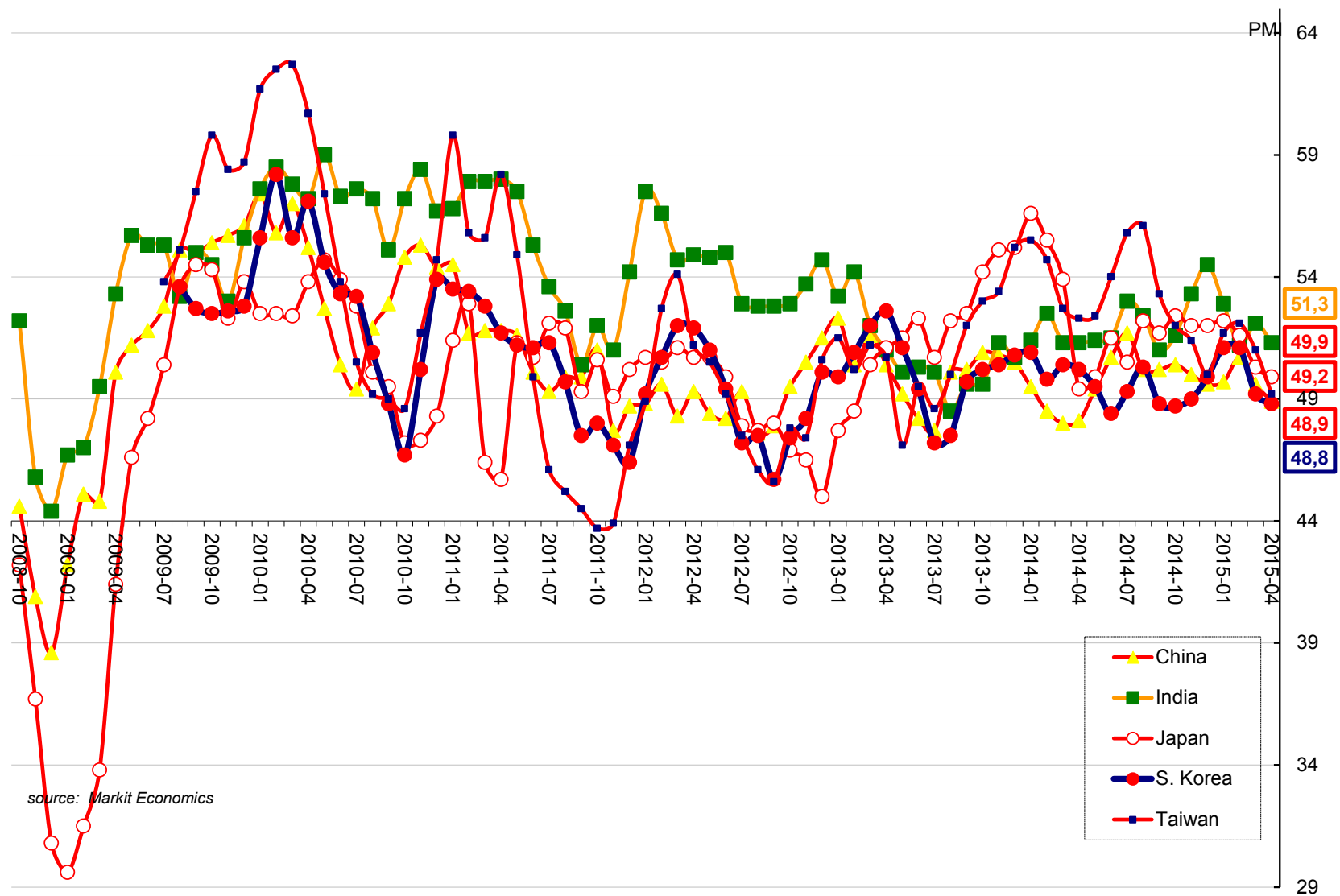
3.2 Purchasing Managers' Index (PMI) - Europe

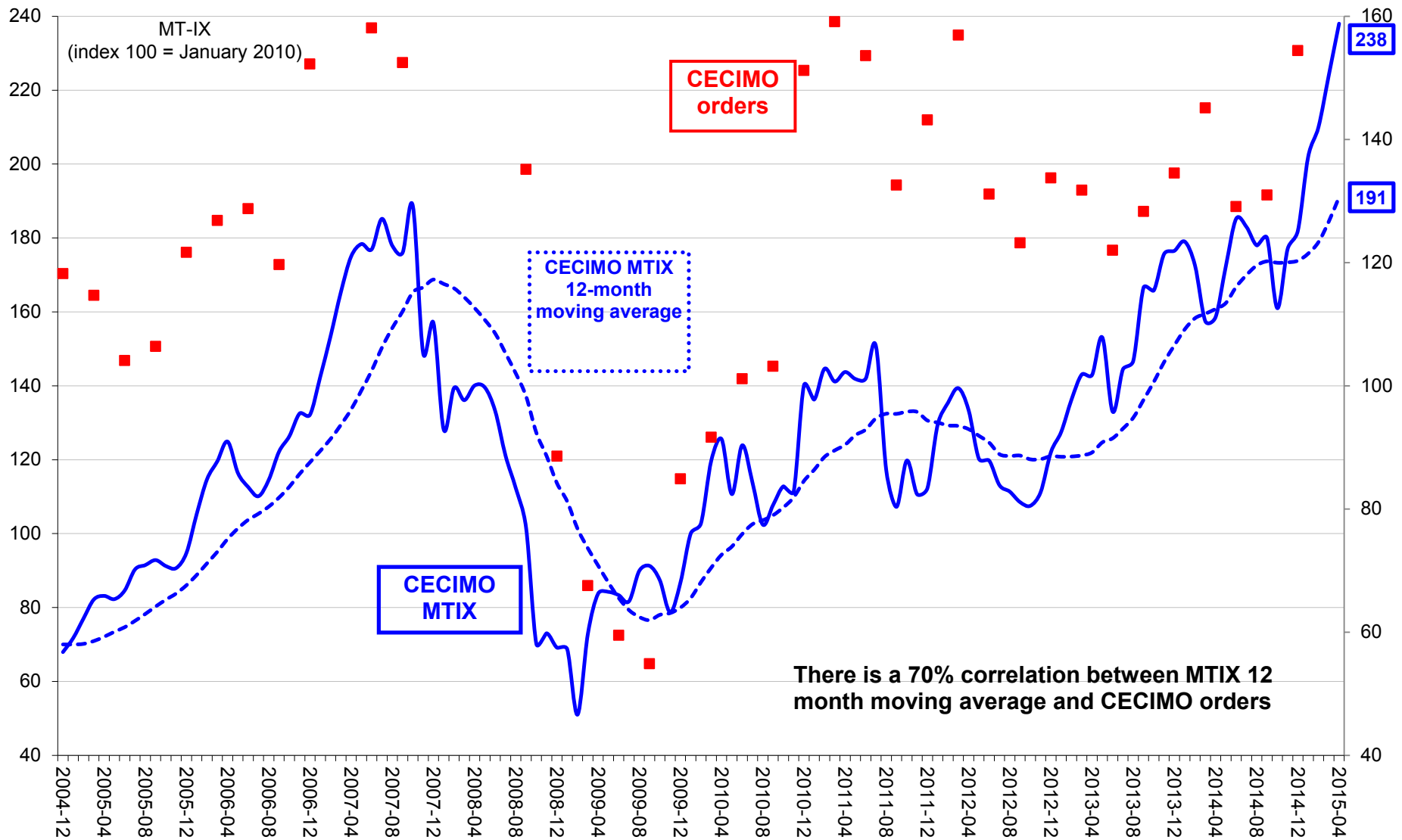
see commentary [----](#)



3.2 Purchasing Managers' Index (PMI) - Asia

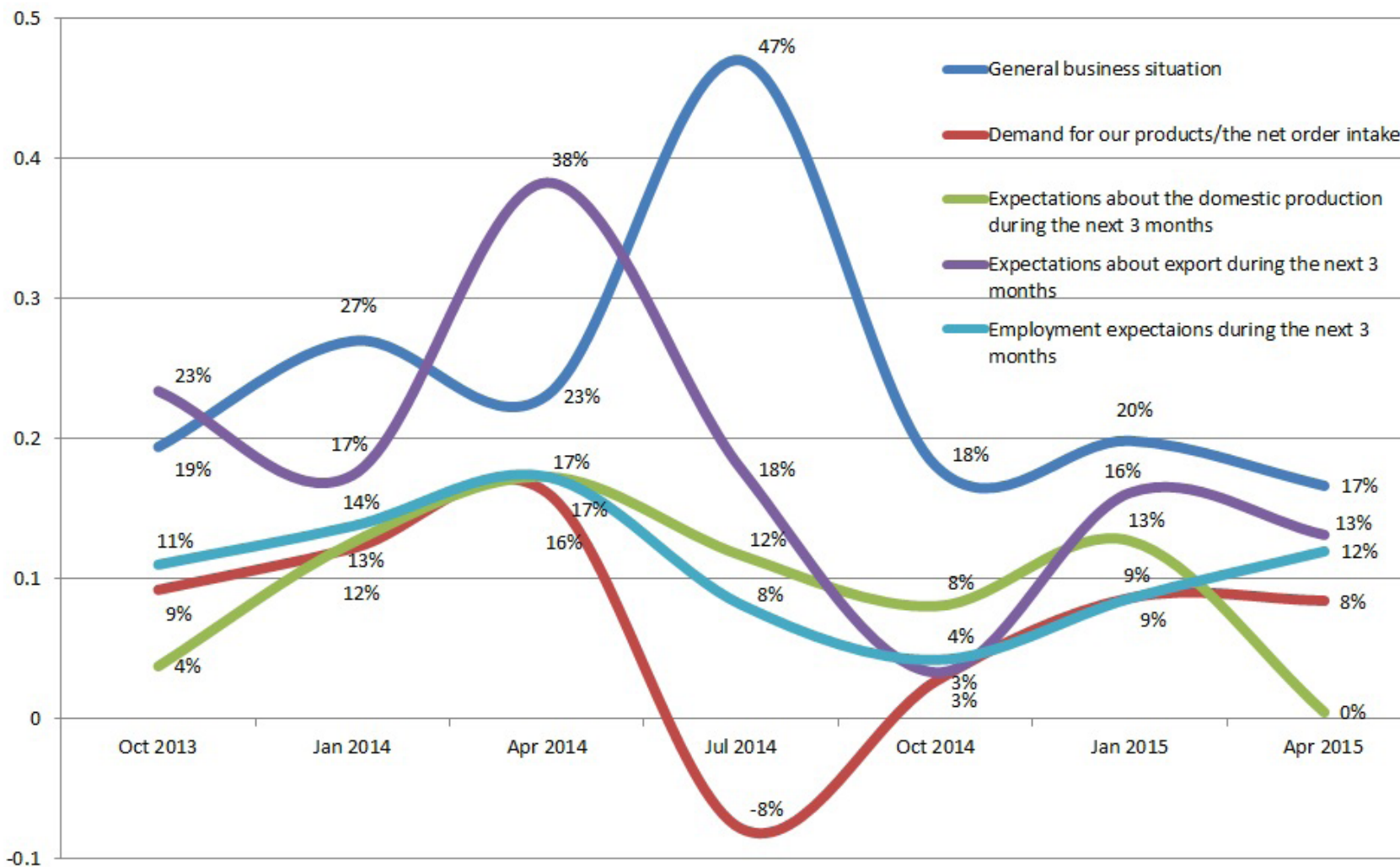
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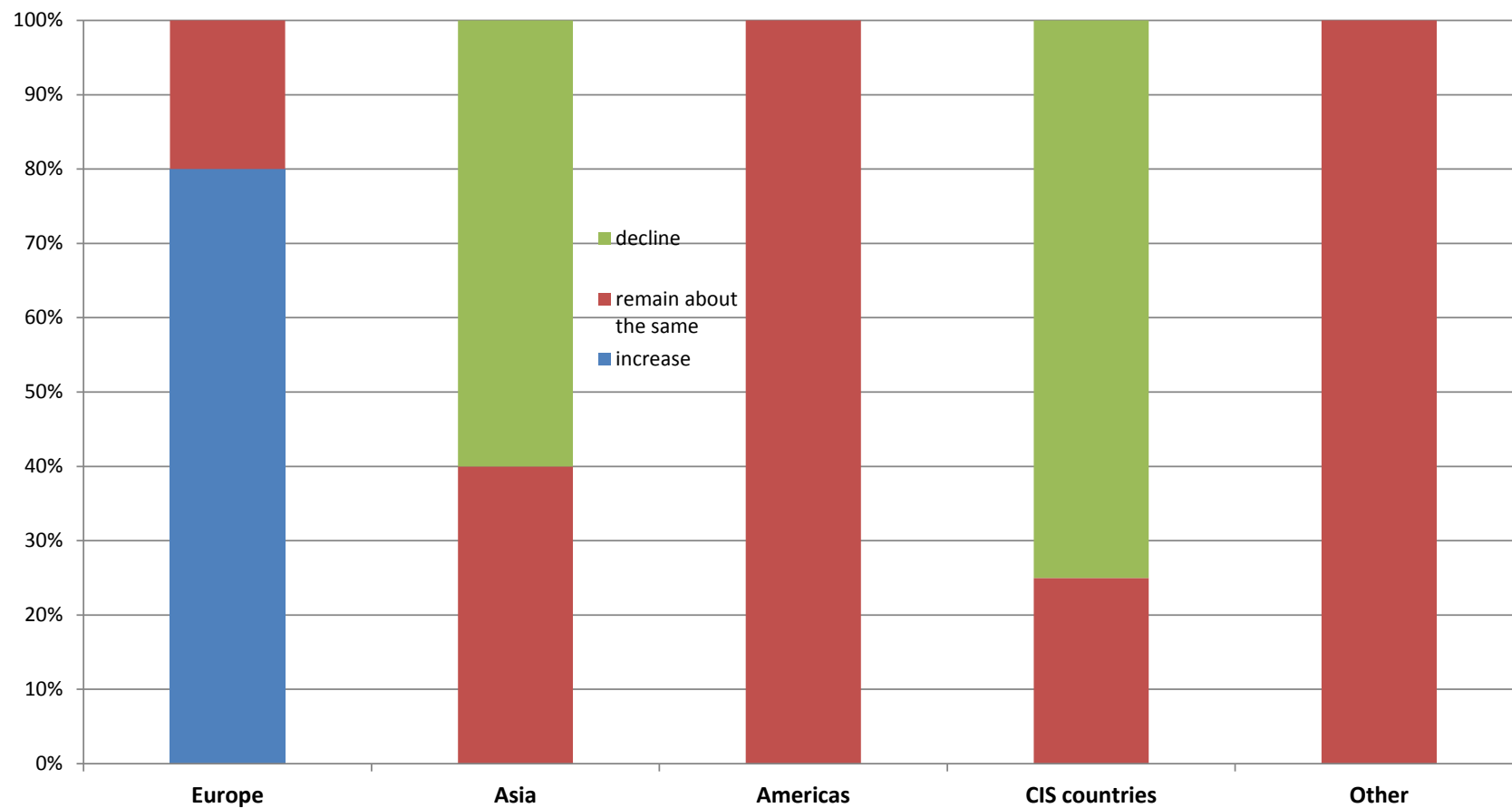
5.2 CECIMO Business Climate Barometer

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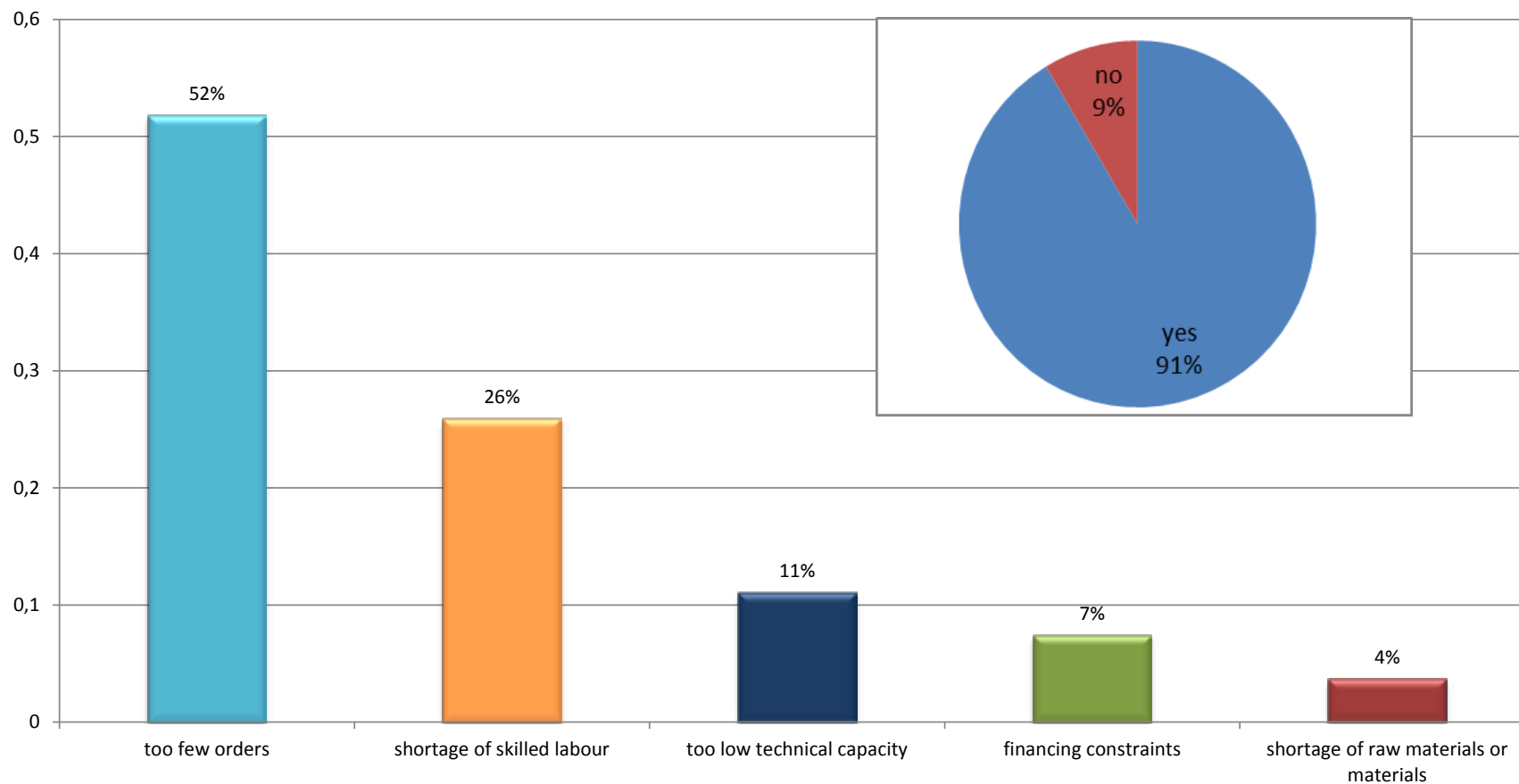


We expect our exports to different regions develop as follows:



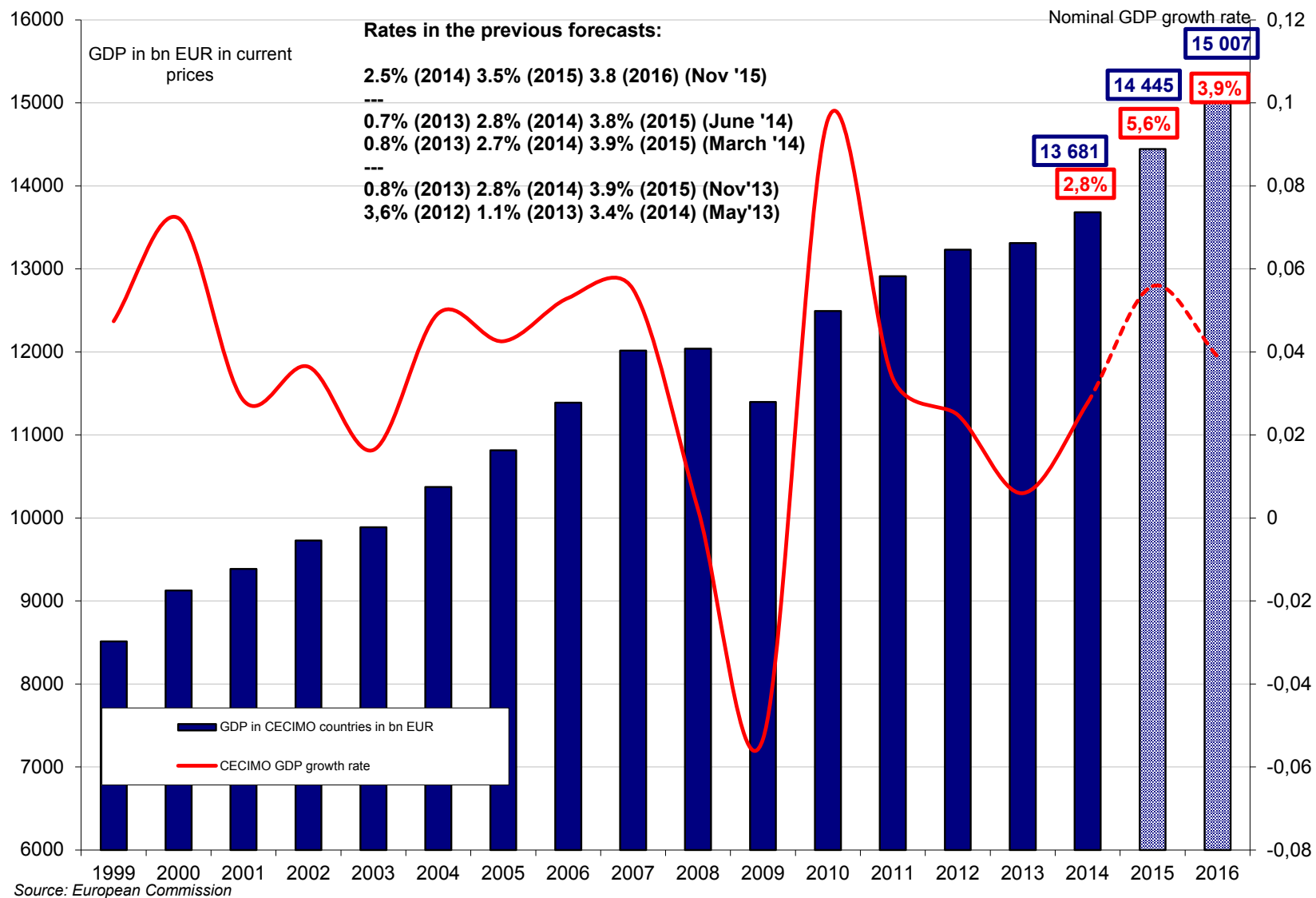


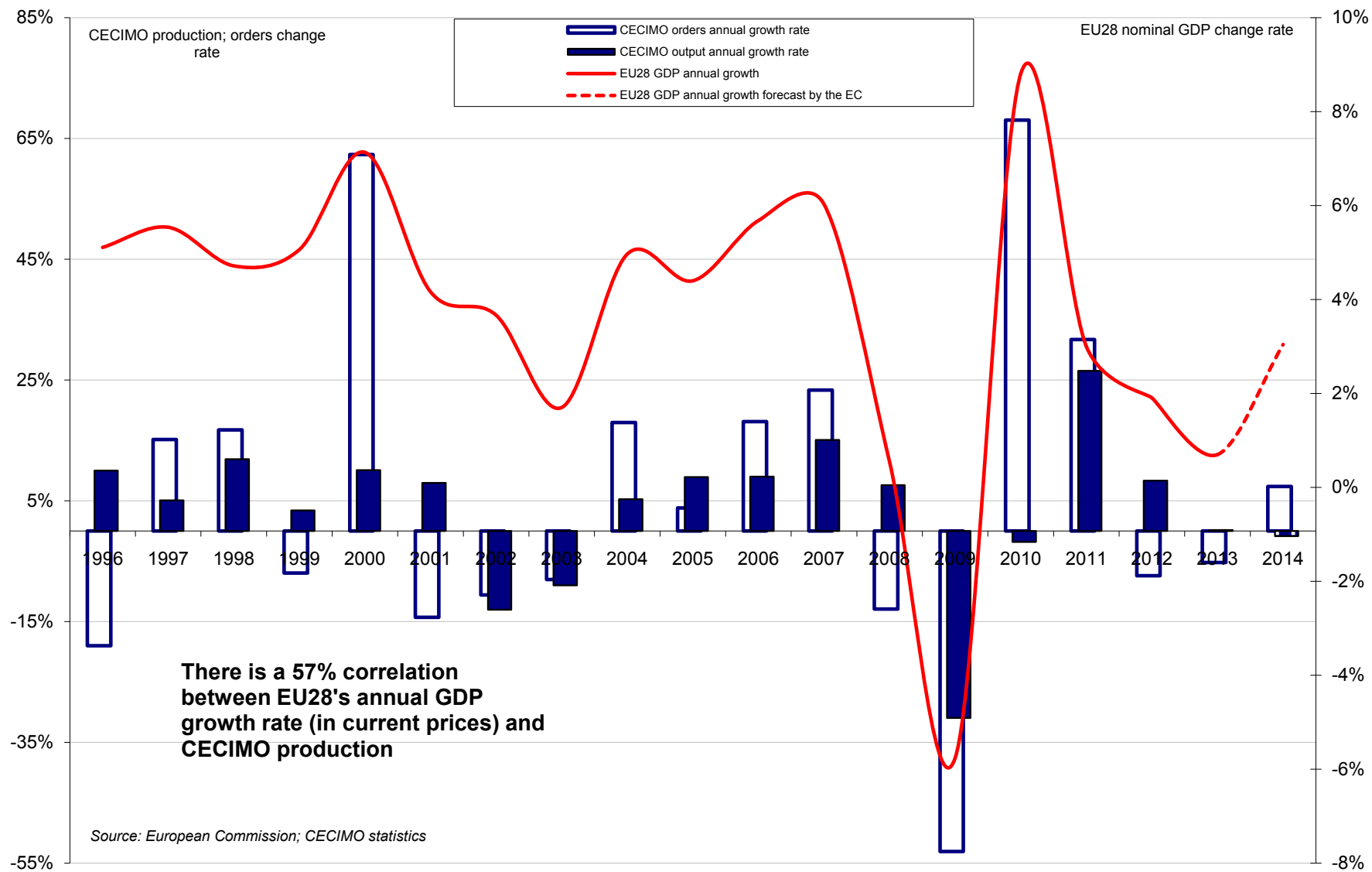
Are there factors limiting your output? If yes, what factors:



6 European Commission's economic forecast - 1

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2.2 Interest rates - Euribor

Euribor® (Euro Interbank Offered Rate) is the rate at which euro interbank term deposits are being offered by one prime bank to another within the EMU zone.

<http://www.euribor-ebf.eu/>

2.3 Industrial production index

The objective of the production index is to measure changes in the volume of output at close and regular intervals, normally monthly. It provides a measure of the volume trend in value added over a given reference period. The production index is a theoretical measure that must be approximated by practical measures. Value added at basic prices can be calculated from turnover (excluding VAT and other similar deductible taxes directly linked to turnover), plus capitalised production, plus other operating income plus or minus the changes in stocks, minus the purchases of goods and services, minus taxes on products which are linked to turnover but not deductible plus any subsidies on products received. The division of production in construction between building construction and civil engineering is based on the classification of types of construction (CC). Statistical population: Production: sections B, C, D of NACE (D353 excluded); Base period: Year 2005 = 100.

http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/is_esms.htm

2.6 Bank lending survey

The bank lending survey is addressed to senior loan officers of a representative sample of euro area banks. Its main purpose is to enhance the understanding of bank lending behaviour in the euro area. The questions distinguish between three categories of loan: loans or credit lines to enterprises; loans to households for house purchase; and consumer credit and other lending to households. For all three categories, questions are posed on credit standards for approving loans; credit terms and conditions; and credit demand and the factors affecting it.

The responses to questions related to credit standards are analysed in this report by focusing on the difference (“net percentage”) between the share of banks reporting that credit standards have been tightened and the share of banks reporting that they have been eased. A positive net percentage indicates that a larger proportion of banks have tightened credit standards (“net tightening”), whereas a negative net

percentage indicates that a larger proportion of banks have eased credit standards (“net easing”). Likewise, the term “net demand” refers to the difference between the share of banks

reporting an increase in loan demand and the share of banks reporting a decline. Net demand will therefore be positive if a larger proportion of banks have reported an increase in loan demand, whereas negative net demand indicates that a larger proportion of banks have reported a decline in loan demand.

<http://www.ecb.eu/stats/money/surveys/lend/html/index.en.html>

3.1 OECD Business Confidence Indicator (BCI) for Europe

The Composite leading indicators (CLI), which BCI is part of, comprises a set of component series selected from a wide range of key short-term economic indicators to ensure that the indicators will still be suitable when changes in economic structures occur in future. While theory says that a turning point in the CLI signals a turning point in the reference series, such turning points, in reality, are determined by a complicated process. Therefore, one often needs to wait for several periods to draw a more definite conclusion. A useful way to exploit the information in CLIs is to take their year-on-year growth rate.

The standardised BCIs represent only the manufacturing sector. BCI shows a long-term trend in industrial production (with a 6-month time-lag). An increase over 100 means expansion; a decrease above 100 means a downturn; an increase below 100 is an upturn and a decrease below 100 is a slowdown.

<http://stats.oecd.org/mei/default.asp?lang=e&subject=5>

3.2 Purchasing Managers' Index (PMI)

The Global Report on Manufacturing is compiled by Markit based on the results of surveys covering 9,000 purchasing executives in 30 countries. Together these countries account for an estimated 86% of global manufacturing output. Questions are asked about real events and are not opinion based. Data are presented in the form of diffusion indices, where an index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease.

<http://www.markiteconomics.com/Survey/Page.mvc/AboutPMIData>

4 MT-IX

MTIX is an index based on the capitalization of 23 leading, publicly listed machine tool producing companies. The capitalization of the companies included is weighted by the share of machine tool turnover in total revenues. The total capitalization calculated in that way is weighted then by an estimated share of the European companies in the world total output in 2005.

6 European Commission economic forecast

European Commission Directorate General for Economic and Financial Affairs produces short-term macroeconomic forecasts twice a year, in the spring and autumn. These forecasts concentrate on the Member States, the euro area and the EU, but also include outlooks for candidate countries as well as some non-EU countries. Each forecast has at least a two-year time horizon (with an additional year added each autumn) covering the current year and the next. The forecasting process considers a total of 180 variables and is the result of several iterative rounds. The forecasts are not based on a centralised econometric model. Instead, they result from analyses made by the DG ECFIN country desks, each of which uses statistical methods to varying degrees. The forecasts are checked for consistency, in particular as regards trade flows. The EU and euro-area variables are not a direct forecast, but are obtained by aggregating the individual Member State forecasts. In between the fully-fledged spring and autumn forecasts, interim forecasts are produced in which an update of real GDP growth and inflation is estimated for the seven largest Member States and for the current year only. The interim forecasts are largely prepared using indicator-based models.

http://ec.europa.eu/economy_finance/eu/forecasts/index_en.htm

The weights of the Member States in the EU and euro area aggregates can be found through the link below.

<http://circa.europa.eu/Public/irc/dsis/ebt/library?>

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