



**European Association of the Machine Tool Industries**

*Where manufacturing begins*

# CECIMO Statistical Toolbox

July 2015 Edition

**CECIMO aisbl**

66, avenue Louise  
1050 Brussels  
Belgium

Tel: +32 2 502 70 90  
Fax: +32 2 502 60 82  
www.cecimo.eu

For more information:  
information@cecimo.eu

## In this edition:

### 0 Introduction

### 1 Machine tool orders

#### 1.1 CECIMO orders

#### 1.2 Peter Meier's forecast

### 2 Macro-economic indicators in the EU & correlation with MT orders

#### 2.1 GDP

#### 2.2 Interest rates - Euribor

#### 2.3 Industrial production index

#### 2.4 Gross Fixed Capital Formation (GFCF)

#### 2.5 Capacity utilisation in the invest. goods sector

#### 2.6 Bank lending survey

#### 2.7 Foreign exchange rates

#### 2.8 Industrial employment

### 3 Business expectations

#### 3.1 OECD Business Confidence Indicator for Europe

#### 3.2 Purchasing Managers' Index (PMI)

### 4 MT-IX

### 5 CECIMO

#### 5.1 CECIMO trade

#### 5.2 CECIMO production

#### 5.3 CECIMO Business Climate Barometer



### 6 European Commission economic forecast

NB: only the highlighted indicators are available in this edition of the toolbox

# Introduction

*(Glossary at the end of the document)*

July 2015 will not only make history as one of the warmest months in Europe but also because European policymakers agreed on the most intrusive economic supervision programme ever devised in the EU. Following intensive discussions between the euro area Finance Ministers and Heads of State or Government over the weekend of 11-12 July 2015, the Greek government agreed to establish a 50 billion-euro special fund for privatisation, bank recapitalisation and debt repayment. Greece also accepted plans for a high level of domestic economic supervision by the bailout monitors, including the IMF, and a public administration restructuring overseen by the European Commission. By now, the Greek parliament has passed the agreed package of austerity measures that were precondition to launch talks on a new 86 billion euro bailout.

However, these results have not wiped away speculations about Greece, the possible withdrawal of Greece from the euro area. The general panic and great confusion caused by the prospect of a country leaving the common currency area has settled down. In contrast, plenty of politicians and economists believe that Greece should leave the euro and benefit from debt relief, which is not seen as legal within the single currency. The sustainability of the Greek public debt is highly questionable. In addition, the heavy austerity measures applied as a condition to the bailout program will throw the economy into an even deeper crisis and it is clear that the country is shaken politically. Whether or not the economy will get its much needed boost in the longer term from the extreme measures taken is not so clear.

While European Heads of State were concluding their meeting, two global powers met in Brussels. The European Commission and the US Department of Commerce held their 10th round of negotiations. Regulatory issues were discussed in length,

including technical barriers to trade. The elimination of these barriers can bring considerable reductions in costs for machine tool industry, primarily composed of SMEs. Greater regulatory compatibility and harmonisation to lessen non-tariff barriers should be the aim for trade negotiators. This is the only way for the free trade agreement to generate significant benefits to European machine tool industry.

The European economy turned again to growth in 2014. The improving economic climate also reflected in the results of the European machine tool industry. The European machine tool production increased to 23.1 billion euro in 2014 from 22.7 billion euro in 2013. We estimate the positive mood to continue this year and the European machine tool production to increase further by 2%.

The machine tool trade is gathering pace as well. In the first quarter of 2015, European machine tool exports increased 2% and imports by 6%. CECIMO estimates machine tool exports to grow 2% in 2015. The machine tool consumption is the main driver behind machine tool imports. Machine tool imports to Europe, reaching to 8.9 billion euros in 2014, will grow of an estimated 5% this year.

## 1.1 CECIMO orders

The fragility of the European economy and the slowdown of emerging economies drive the trends of machine tool orders intake. The CECIMO 8 total orders' index decreased 5% compared with the previous quarter but increased in year-to-year comparison by 2%.

The CECIMO 8 foreign orders' index increased 5% compared to the first quarter of 2014 and fell 4% compared to the previous quarter. The domestic orders' intake reflects the insecurity of European manufacturers to undertake decisive investments. The domestic orders index lost 10% and 3% compared to the levels of the previous quarter and the period of a year ago respectively.

On the positive side, we see Italy and France, previously lagging behind, catch up with the rest of machine tool producing countries and recording solid increases in new orders. The orders declined in Germany and the United Kingdom. The Czech Republic and Spain's indexes showed a downward trend while posting increases on yearly basis due to relatively low base values.



# Introduction

## = 1.2 Peter Meier's forecast

### Overall situation:

"The economic spring has arrived" announced the European Commission in May, presenting their spring forecast. In fact, prospects have improved slightly compared to the winter forecast, mainly due to the low price of oil, the loose monetary policy of the ECB and the weak euro.

In Europe consumer confidence, after a brief dip in the second half 2014, now improved considerably. The consumption is also recovering rapidly but has not yet reached the level of 2007. Therefore, there is still place for improvement. In the US, the consumption has already clearly exceeded the pre-crisis level but signs of saturation show up here and there and the consumer sentiment is currently declining. In Asia, consumption tends to regress. In China, signs of saturation are not to ignore.

The business confidence, whose fluctuations correlate closely with fluctuations in demand for capital goods, is recovering in the US after a dip at the beginning of this year. In all other world markets, business confidence moves sideways or slightly downwards. In early-cyclical industry sectors, a dip in demand is already visible. Late-cyclical industries, like machine tools, will most probably face a minor dip in demand by end 2015 / beginning of 2016.

### Business Confidence:

For more than a year, the OECD Business Confidence Indicator for Europe held a relatively high level of 100.6. Since the beginning of this year, the indicator points slightly downwards. New orders for machine tools were still on a relatively high level in the first quarter of 2015.

### CECIMO 8 Forecast:

New orders in Q1 2015 were slightly above expectations. The latest economic indicators didn't change the forecast significantly – a sign that we have now reached a relatively stable economic situation after the turbulent 2014. The demand for ma-

chine tools will most probably decline gradually until the end of 2015. Compared with 2014, we expect a decline of the order volume of about 2-3% in 2015. For the first half of 2016 the forecast points to an upturn of the demand.

## ↓ 2.2 Interest rates – EURIBOR

The average 3-month Euribor recorded -0.01% and 12-month Euribor 0.16% in June. Compared to May, the average 3-month Euribor was stable and 12-month Euribor decreased by 1 percentage point.

The euro area's annual consumer price inflation was 0.2% in June 2015, slightly down from 0.3% in May. On the basis of current oil futures' prices, annual inflation is expected to remain low in the months ahead and to rise towards the end of the year. Based on the economic growth's fragility and the lasting low inflation, the European Central Bank will continue to support the economy with monthly asset purchases of 60 billion euro until the end of September 2016.

See [glossary](#) for definitions

## ↓ 2.3 Industrial production index

In May 2015, compared with April 2015, the seasonally adjusted industrial production fell by 0.4% in the euro area (EA19) and by 0.3% in the EU28 according to estimates from Eurostat, the statistical office of the European Union. In April 2015 industrial production remained stable in both zones.

The decrease in industrial production in the euro area is due to the production of energy falling by 3.2% and the production of non-durable consumer goods by 1.4%, while the production of intermediate goods increased by 0.1%, the production of durable consumer goods by 0.4% and the production of capital goods by 1.0%. In the EU28, the decrease is due to the production of energy falling by 1.2%, the production of non-durable consumer goods by 0.6% and the production of intermediate goods by 0.2%, while the production of durable consumer goods was stable. The production of capital goods rose by 0.6%.

The highest increases in industrial production were registered in Croatia (+2.6%),

# Introduction

Lithuania (+1.7%) and Portugal (+1.0%) and the largest decreases in Ireland (-6.9%), the Netherlands (-5.7%) and Greece (-5.1%).

In May 2015 compared with May 2014, industrial production increased by 1.6% in the euro area and by 2.0% in the EU28. The increase in the euro area is due to the production of durable consumer goods rising by 4.8%, the production of capital goods by 4.1% and the production of intermediate goods by 2.2%, while the production of non-durable consumer goods fell by 0.5% and the production of energy by 4.2%. In the EU28, the increase is due to the production of capital goods rising by 4.2%, the production of durable consumer goods by 4.1% and the production of intermediate goods by 2.2%, while the production of non-durable consumer goods fell by 0.4% and the production of energy by 0.9%.

In yearly comparison, the highest increases in industrial production were registered in Malta (+9.5%), Latvia (+6.5%) and Hungary (+6.2%), and the largest decreases in the Netherlands (-7.4%), Finland (-5.1%) and Ireland (-5.0%).

See [glossary](#) for definitions

## 2.4 GFCF

According to a second estimate published by Eurostat, the seasonally adjusted GFCF rose by 1.2% in the euro area (EA19) and 1.6% in the EU28 during the first quarter of 2015, compared with the previous quarter. Gross fixed capital formation had a positive contribution to GDP growth in both areas (+0.2 percentage points). In the fourth quarter of 2014, the GFCF grew by 0.3% in the euro area and contracted 0.1% in the EU28.

In the first quarter of 2015 compared with the same quarter of the previous year, the seasonally adjusted GFCF rose by 0.4% in the euro area and by 1.2% in the EU28, after -0.3% and +0.6% respectively in the previous quarter.

In the first quarter of 2015, among Member States for which data are available, Slovenia (+7.7%), Greece (+6.0%), the Czech Republic (+4.9%) and Portugal (+5.5%) recorded the highest growth compared with the previous quarter. The big-

gest decreases were registered in Malta (-14.6%), Latvia (-10.8%) and Estonia (-10.1%).

## 2.7 Foreign exchange rates

In June, the nominal effective exchange rate of the euro, as measured against the currencies of 19 of the euro area's most important trading partners, stood at 0.8% above May's and 9.7% below its level one year earlier. Movements in exchange rates were largely related to developments in expectations about the future monetary policy, as well as to adjustments in market expectations deriving from the economic outlook for the euro area in relation with other major economies.

The overall upward movement of the euro's effective exchange also is also reflected in the bilateral exchange rates towards currencies outside the EU. In June, the exchange rate of the euro appreciated against the Japanese yen by 3.0%, the US dollar by 0.4% and the Swiss franc by 0.3%.

## 2.8 Industrial employment

The number of persons employed increased by 0.1% in the euro area and by 0.3% in the EU28 in the first quarter of 2015 compared with the previous quarter, according to national accounts estimates published by Eurostat. In the fourth quarter of 2014, employment increased by 0.1% in the euro area and 0.2% in the EU28. These figures are seasonally adjusted. Compared with the same quarter of the previous year, employment increased by 0.8% in the euro area and by 1.1% in the EU28 in the first quarter of 2015 (after +0.9% and +1.1% respectively in the fourth quarter of 2014).

Eurostat estimates that, in the first quarter of 2015, 228.1 million men and women were employed in the EU28, of which 150.3 million were in the euro area. These quarterly data on employment provide a picture of labour input consistent with the output and income measure of national accounts.

Among Member States for which data are available, Latvia and Hungary (+1.5%) recorded the highest increases in the first quarter of 2015 compared with the

# Introduction

previous quarter, followed by Estonia (+0.9%), Spain (+0.8%), the Czech Republic, Ireland, Portugal and the United Kingdom (all +0.7%). Greece (-0.8%) and Malta (-0.4%) recorded decreases, while employment was stable in Germany, France, Italy and the Netherlands.

## 3.1 OECD Business Confidence Indicator (BCI) for Europe

Business confidence indicators (BCIs), designed to anticipate turning points in economic activity relative to trend, continue to point to growth across most major economies and within the OECD.

The BCIs continue to point to a stable growth momentum in Europe and in the smaller the euro area, including France, Italy and Spain. The growth is easing in Germany and the United Kingdom while staying above the historical average.

The BCI for the United States shows some signs of a positive change in growth momentum. In India, the BCI forecasts firming growth. The BCIs point to stable growth in Japan as well as in China. In Russia and Brazil the BCIs continue to point to a loss in growth momentum.

See [glossary](#) for definitions

## 3.2 Purchasing Managers' Index (PMI)

Global manufacturing growth slowed last month with most Asian economies remaining weak, while Greece's woes restrained euro zone factories. The global PMI slipped to 51.0 in June from 51.3 in May (the index above the 50 indicates expansion). China's manufacturing activity contracted for the fourth straight month in June but at a slower pace than in May. The Chinese PMI edged up to 49.4 from 49.2 in May. Japanese manufacturing barely expanded in June, despite a strong pick-up in export demand the PMI dropped to 50.1. The U.S. factory activity rose to 53.5, the highest reading since January, from 52.8 in May. Russian PMI rose to 48.7 from 47.6 marking the seventh straight month of contraction.

The PMI for the Euro area reached a 14-month high but edged up only to 52.5, from May's 52.2. The pace of growth in the German manufacturing sector picked up as new orders piled in. German manufacturing PMI climbed to 51.9 in June from 51.1 in May. France's manufacturing sector grew for the first time since April 2014. The PMI showed a reading of 50.7. Spain and Italy also continued to register solid expansions.

*"A solid PMI reading for June rounded off euro area manufacturers' best quarter for a year, representing a major improvement compared to the malaise seen at the end of last year. However, the overall pace of expansion remains insipid rather than impressive. Although France's factories have returned to growth for the first time in over a year, and the Netherlands, Ireland and Italy are all seeing especially strong rates of growth, the lacklustre rates of expansion seen in Germany and France mean the PMI is broadly consistent with Eurozone manufacturing output rising by a mere 0.3% in the second quarter, providing only a modest boost for the wider economic recovery. The pace of growth is especially disappointing given how accommodative financial conditions are at the moment, with record low interest rates and the ECB's quantitative easing now well under way. However, this is perhaps not surprising given the heightened degree of uncertainty surrounding the Greek debt talks that was seen during the month, suggesting a resolution of the crisis will trigger stronger growth,"* commented Markit.

See [glossary](#) for definitions

## 4 MT-IX

In June, the MT-IX decreased of 0.4%. The index lost 1 point compared to May's value, and posted at 247 points in June 2015.

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

See [glossary](#) for definitions

# Introduction

## 5.1 CECIMO trade

In the first quarter of 2015, CECIMO exports increased of 2% to 4.1 billion euro, reflecting the strong demand from the Americas and the slowing growth in the emerging markets. Europe remains the most important market for CECIMO - 49% of all machine tools shipped abroad stay in Europe. Machine tool exports to Asia declined 3% to 1.0 billion euro during the first quarter of 2015. Exports to the Americas increased by a remarkable 15% to 0.7 billion euro.

The most important single export markets of CECIMO remain the same: China, the United States and Russia. Despite the fact that the Asian region as a whole is showing a declining trend, CECIMO's exports to China increased 4% to 671 million euro in the first quarter of 2015. European machine tool builders exported machines in value of 410 million euro to the United States, that is 21% more than a year ago. The American market has shown very good sales performance, however the low base values brought by the economic contraction in the beginning of 2014 are the cause of this high growth percentage.

CECIMO imports increased by 6% to 2.2 billion euros in the first quarter of 2015, driven by improving economic condition in Europe. 95% of CECIMO imports originate from Europe or Asia. CECIMO imports from Europe reached to 1.4 billion euro gaining 2%. Imports from Asia rose 10% to 0.7 billion euro. Over half of all machine tools outside Europe come from Japan and Taiwan. On the other hand, Chinese machine tools targeting mid-range consumers increase in popularity, the imports from China grew 27% to 117 million euro.

## 5.2 CECIMO production

Based on the results of the statistical forms collected before CECIMO General Assembly in Bordeaux in July, the production of the 15 CECIMO member countries recorded an increase of 2% and reached 23.1 billion euros in 2014. The slowing emerging markets, possible Grexit and improving economic growth in the developed countries are influencing the outlook for 2015. All variables considered, we estimate CECIMO's production to show a small 2% increase in 2015. Companies

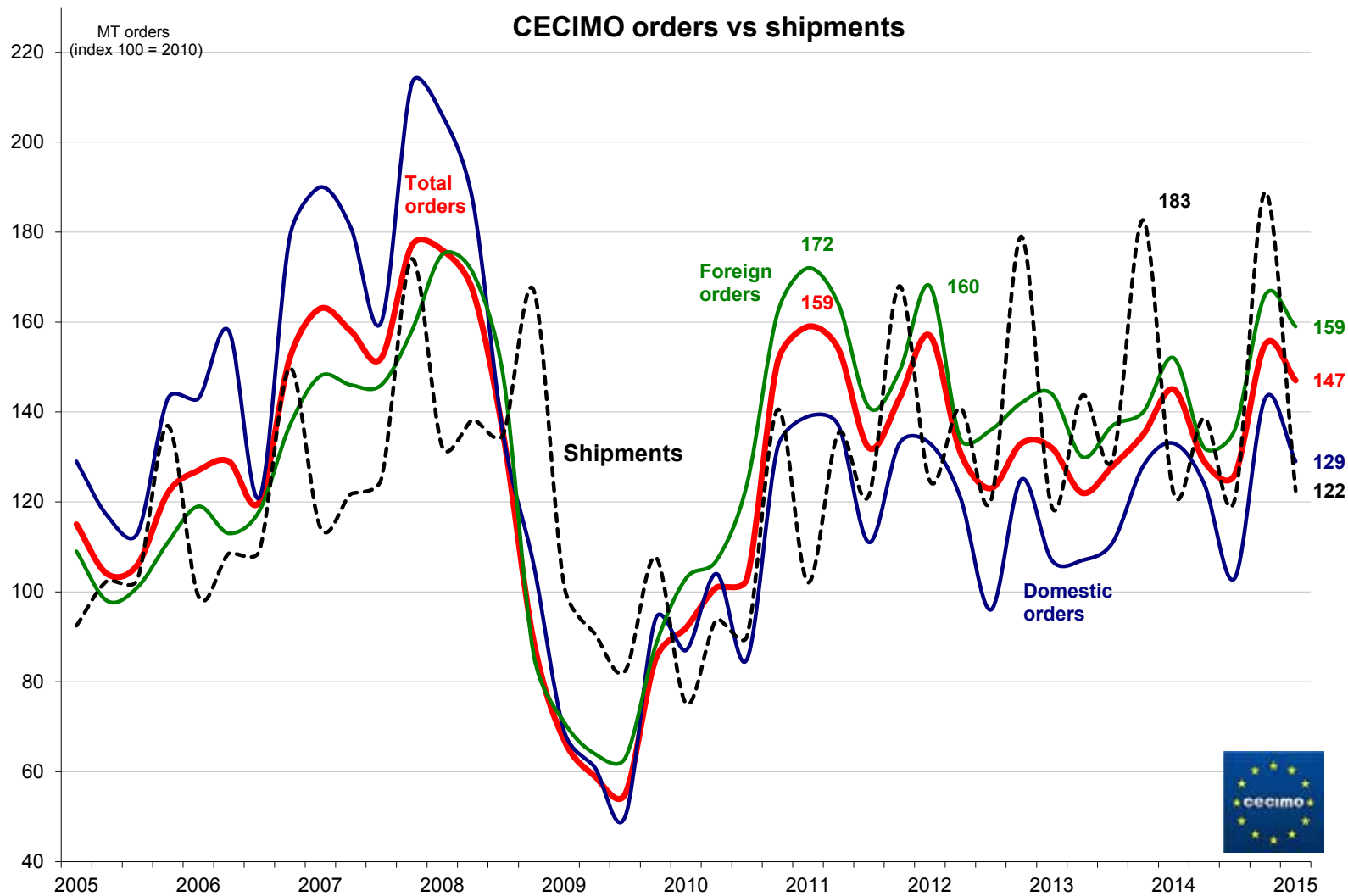
in CECIMO member countries are expected to produce machine tools in value of 23.6 billion euros. CECIMO maintains its share in the global market: in 2014, 39% of all machine tools were produced in Europe.

CECIMO's biggest machine tool producing countries remain Germany, Italy and Switzerland which produced respectively 46.6, 18.7 and 11.9% of total production. Spain, Austria and the UK produce respectively 3.8, 3.4 and 3.3% of the total output.

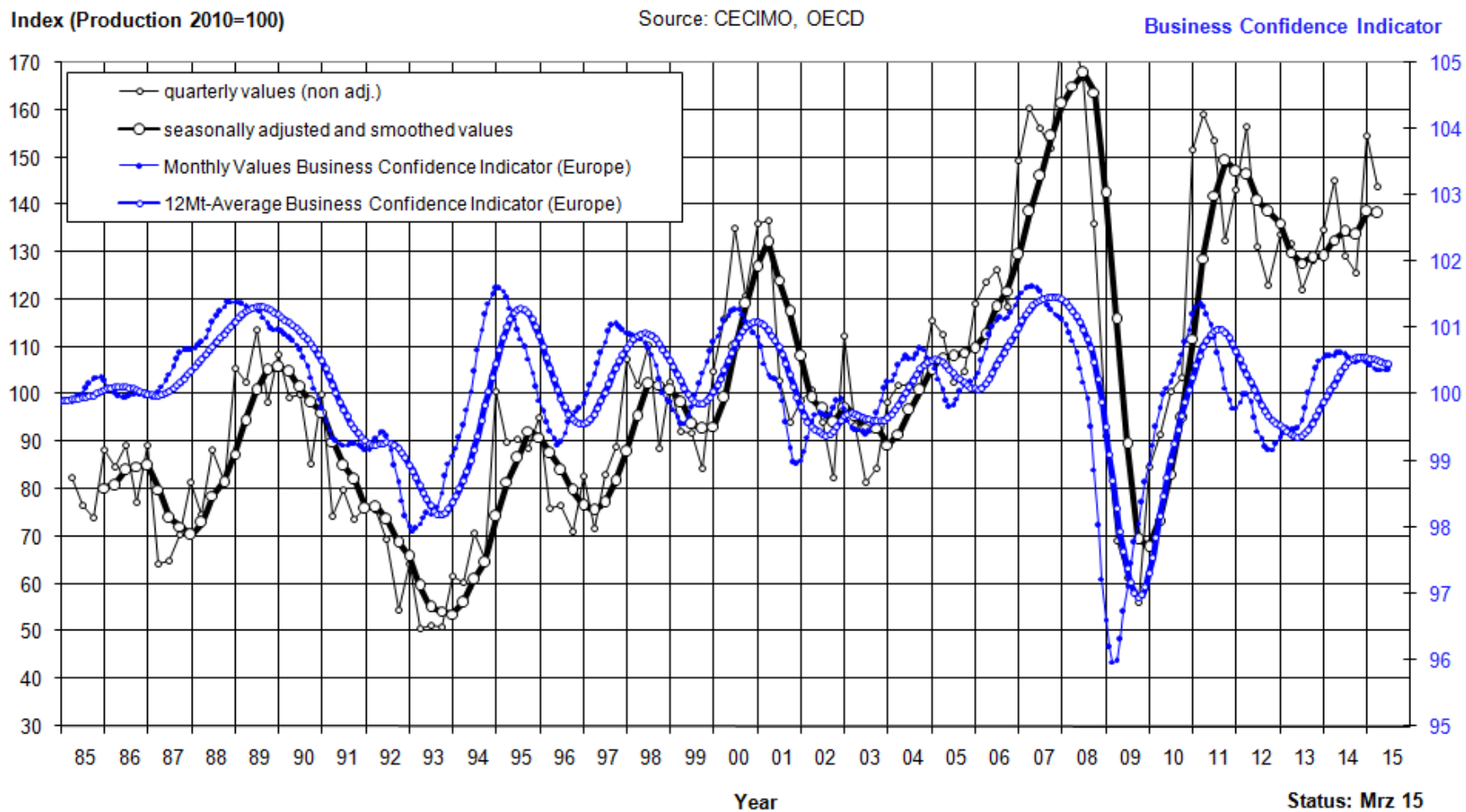
\*\*\*\*\*







## Comparison Index CECIMO 8 with Business Confidence Indicator (Europe)





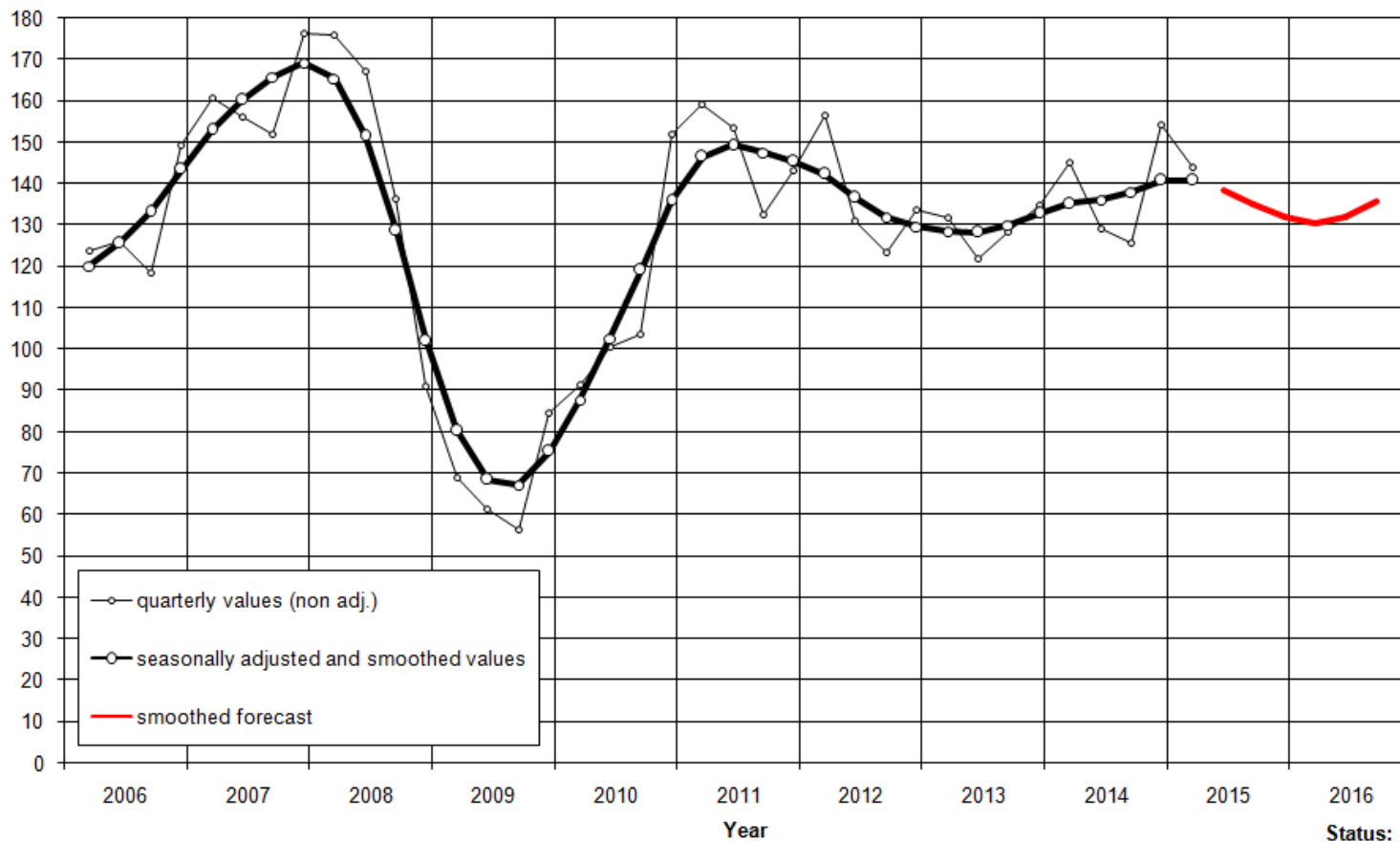
## Forecast New Orders CECIMO 8 (total)

quarterly values (non adj.) and HP-smoothed values

Source: CECIMO

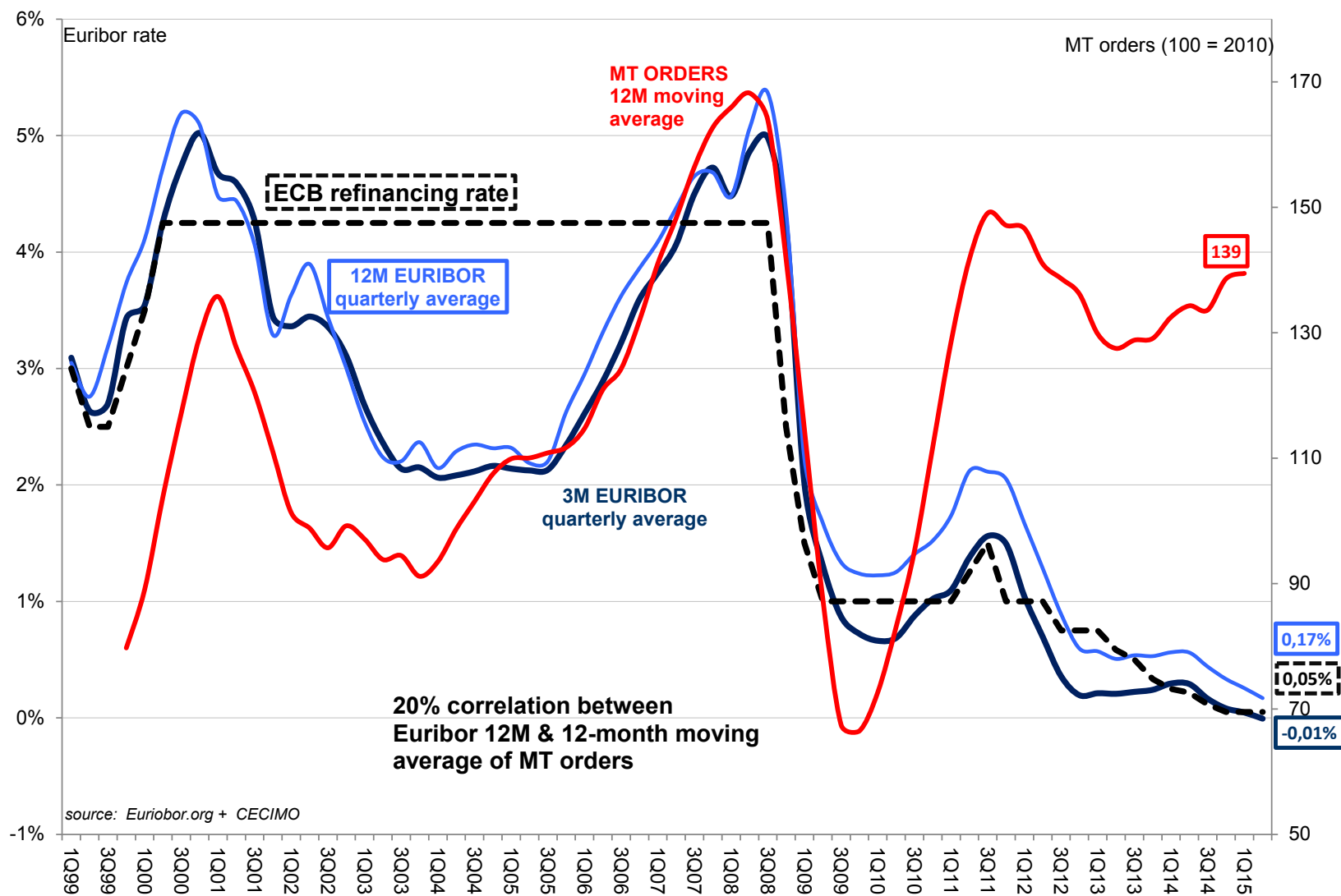
Forecast USP Consulting

Index (Production 2010=100)



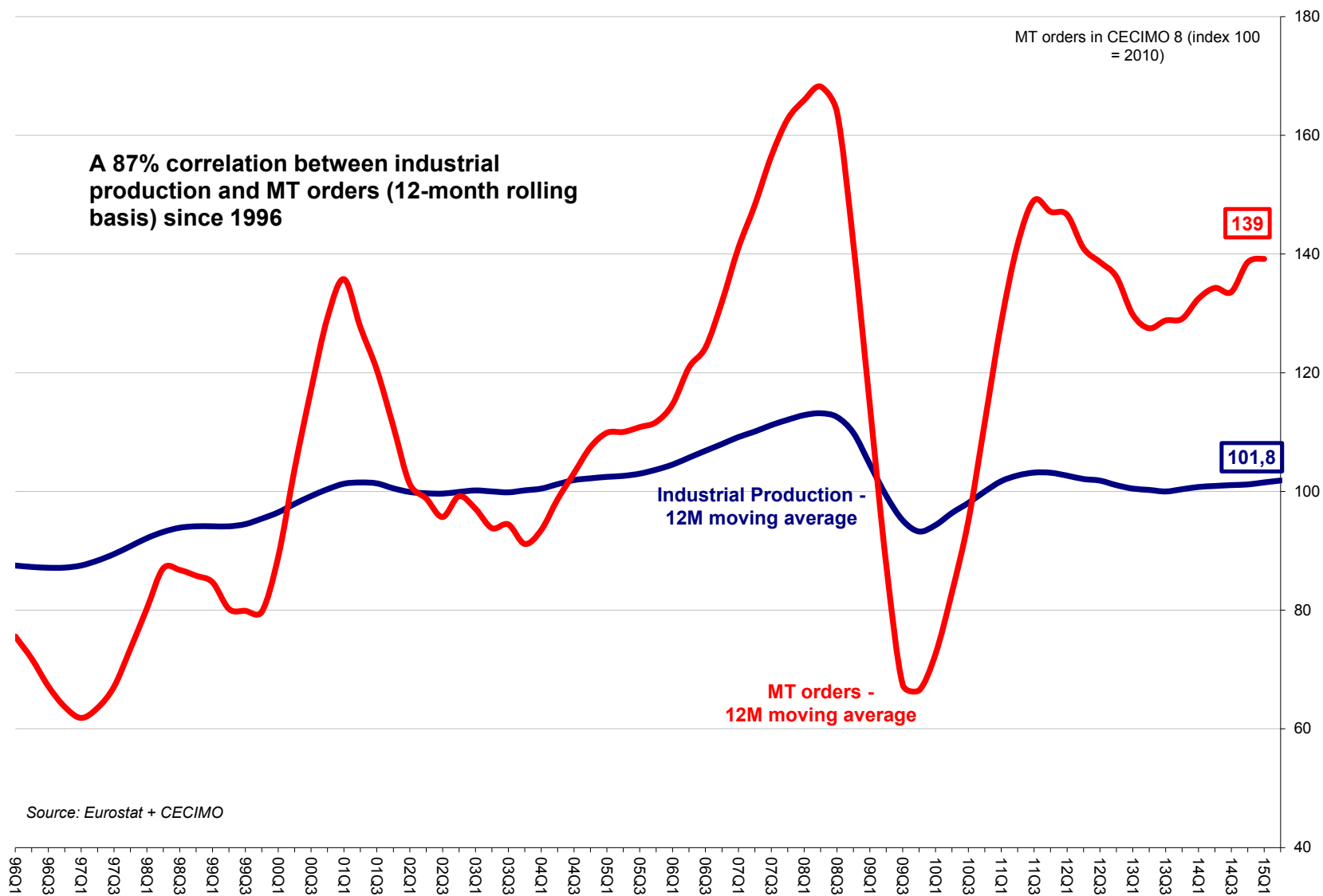
## 2.2 Interest rates - EURIBOR

see commentary →



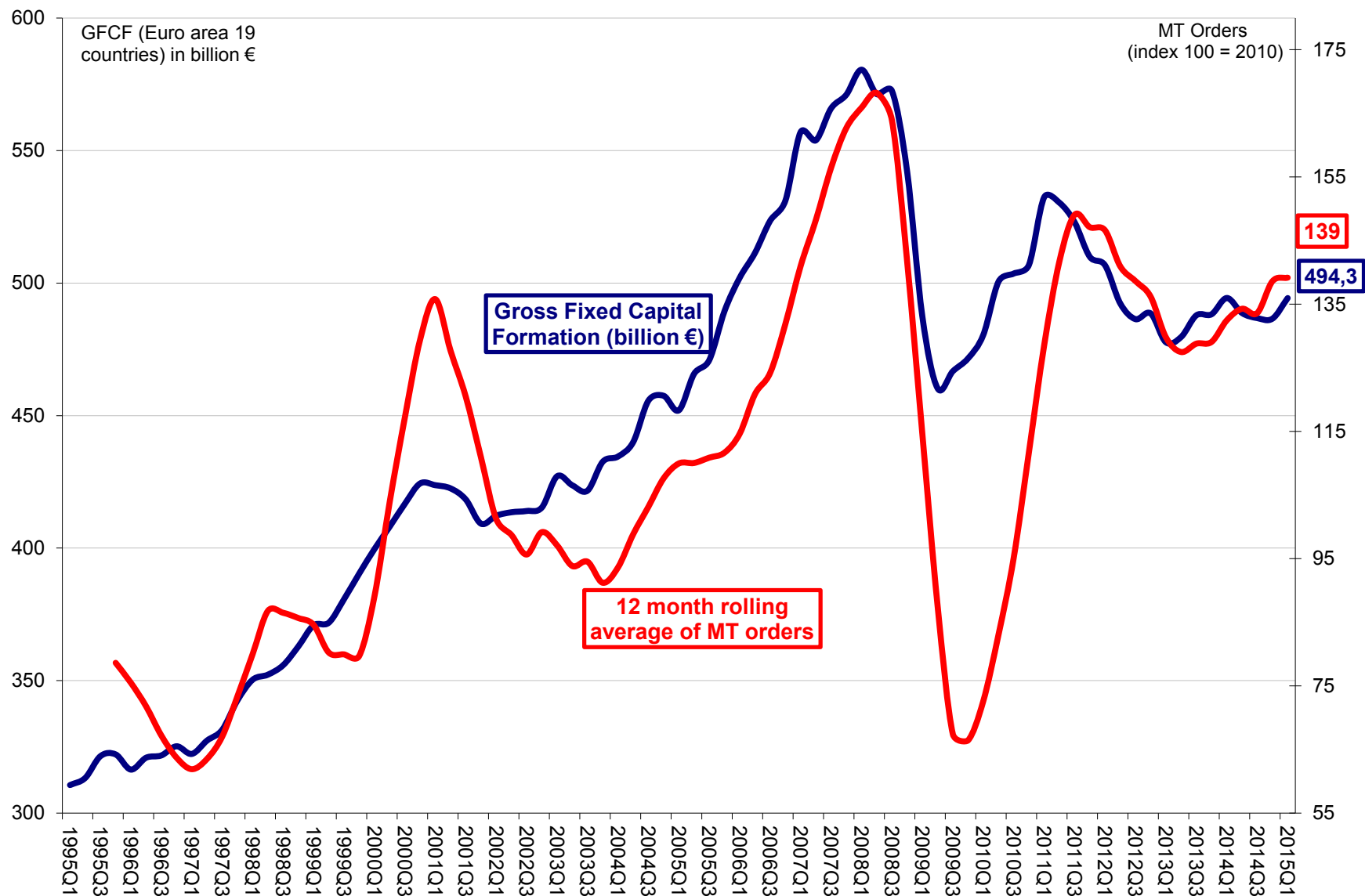
## 2.3 Industrial production index

see commentary [→](#)



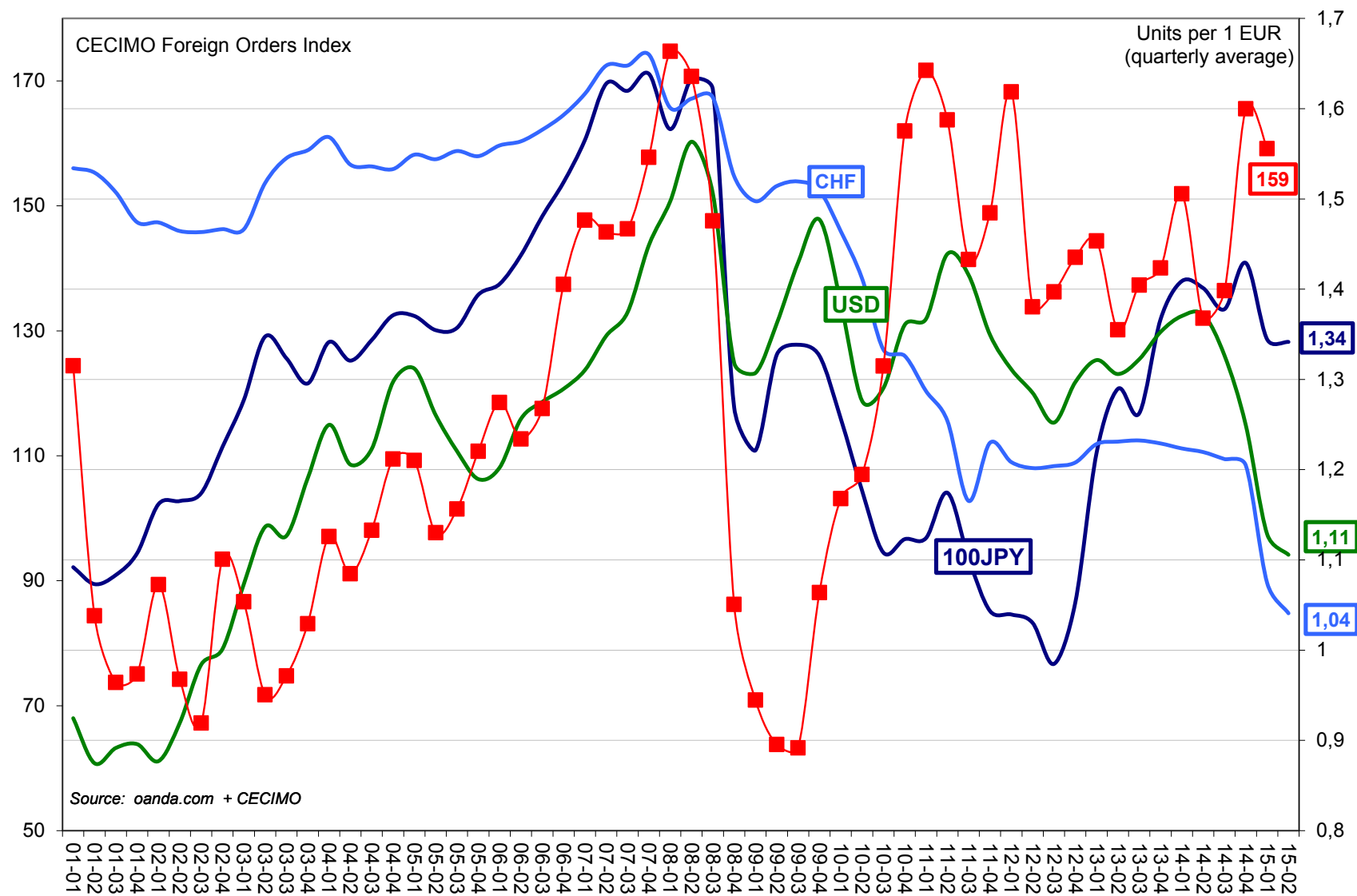
## 2.4 Gross Fixed Capital Formation (GFCF)

see commentary [----](#)



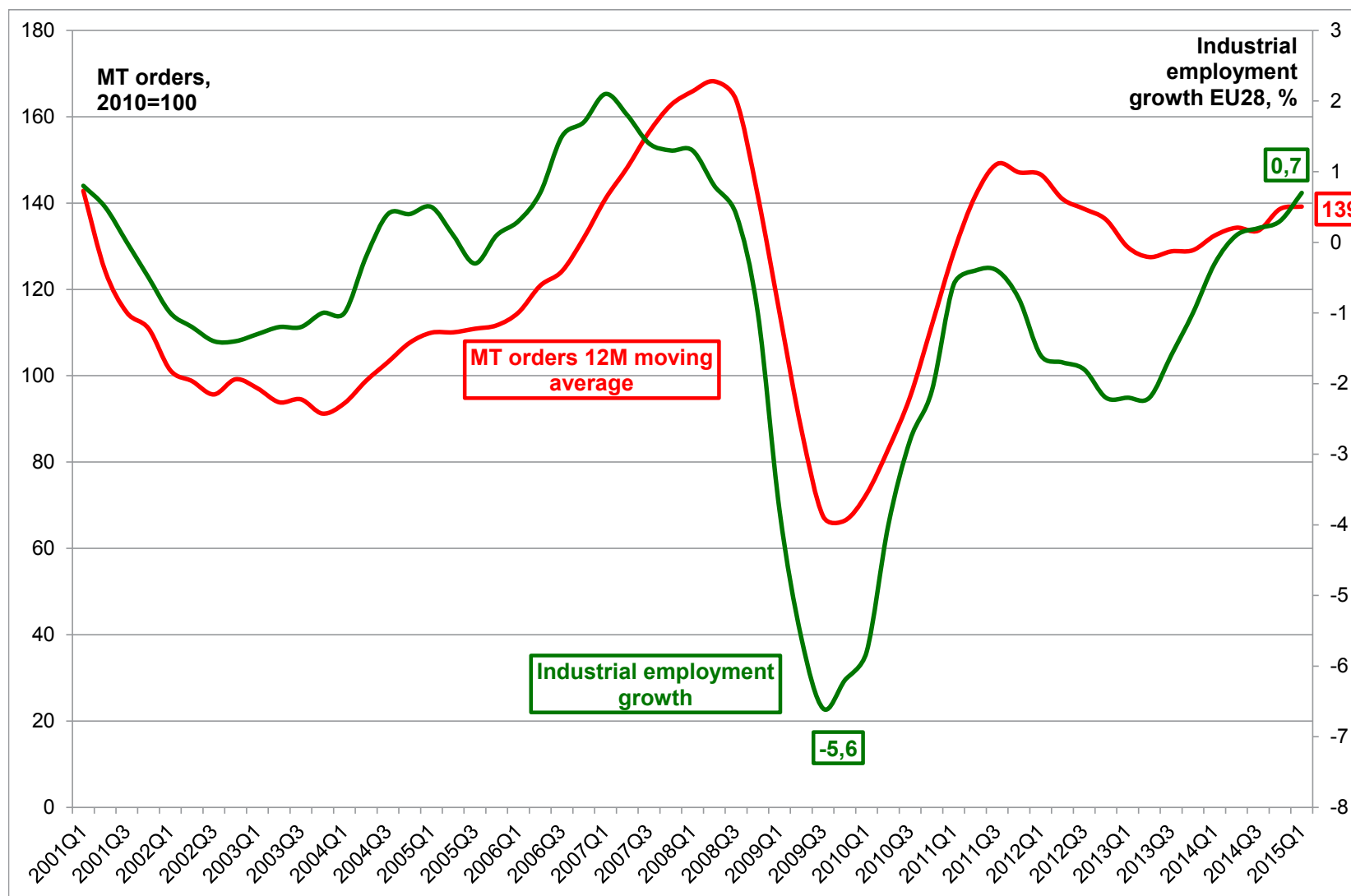
## 2.7 Foreign exchange rates

see commentary [----](#)



## 2.8 Industrial employment

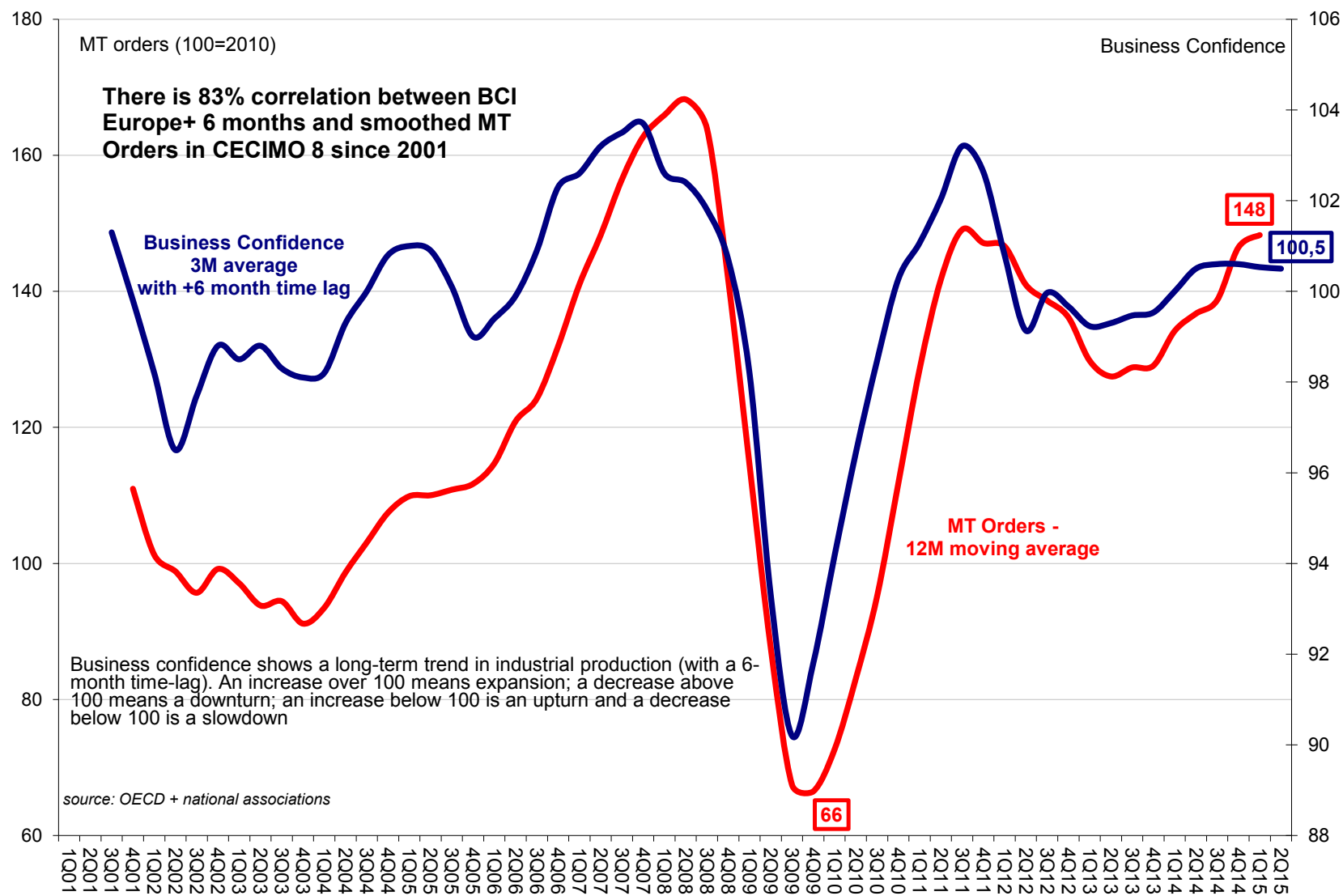
see commentary [---->](#)





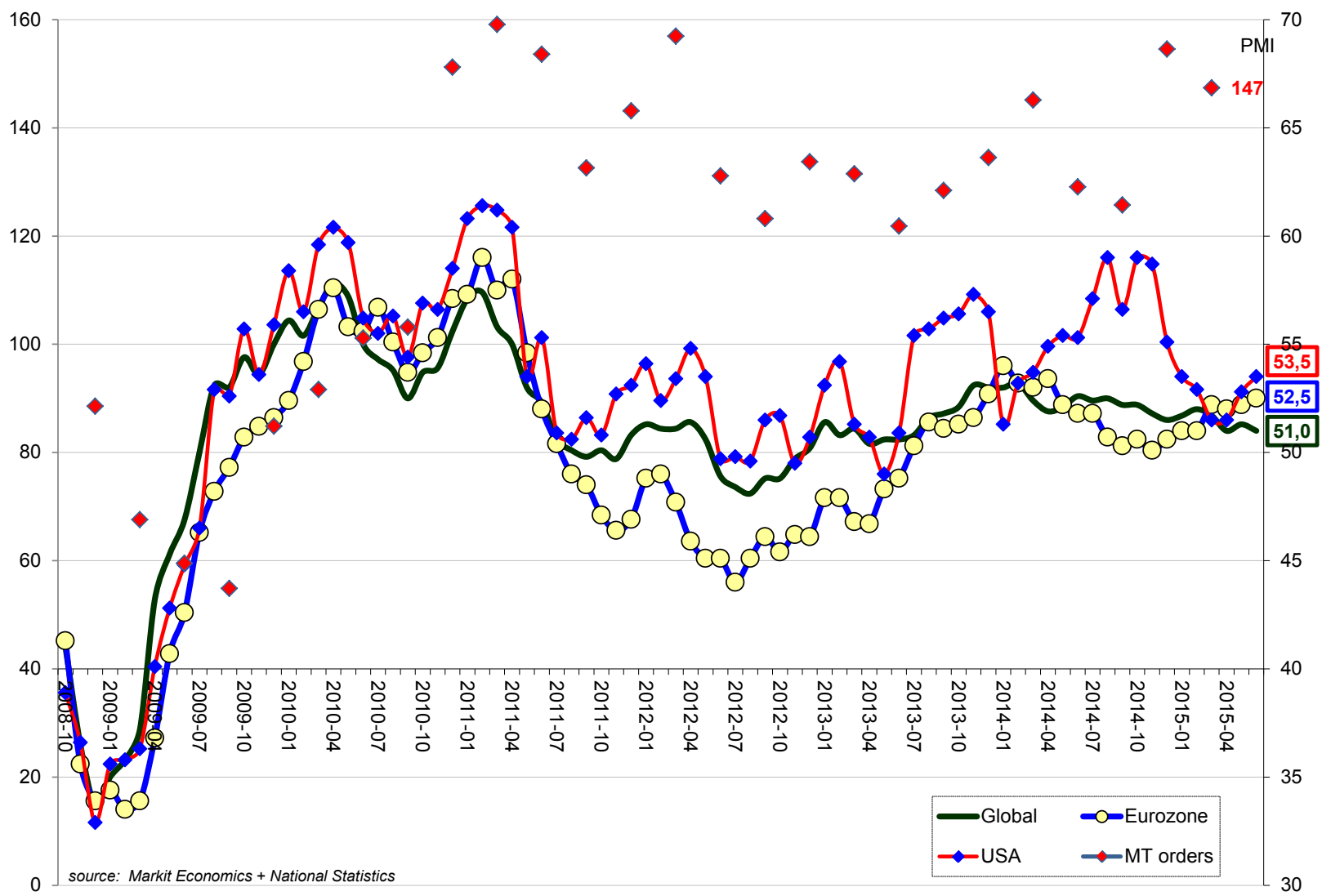
# 3.1 OECD Business Confidence Indicator (BCI) for Europe

see commentary [----](#)



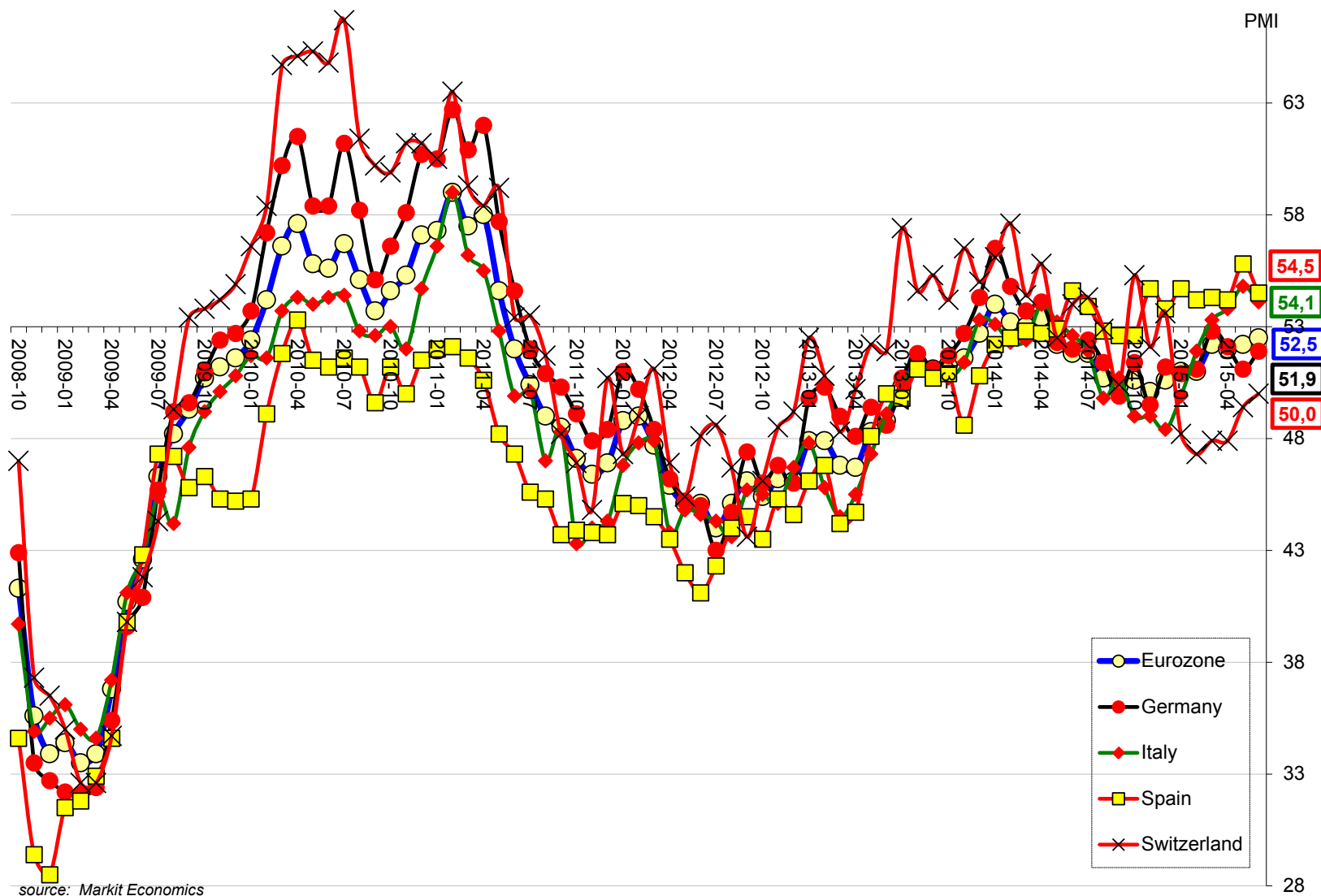
# 3.2 Purchasing Managers' Index (PMI) - Global

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



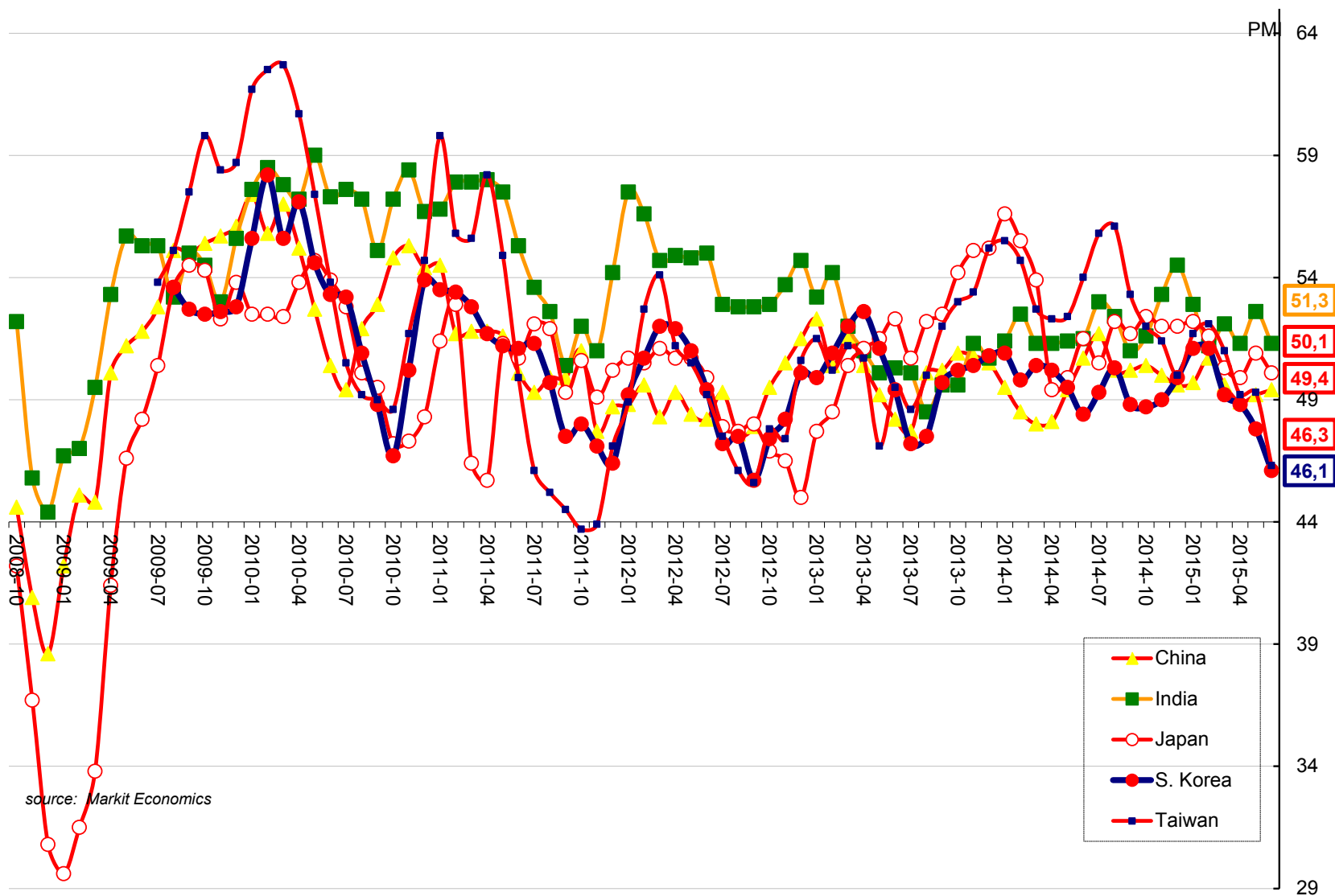
## 3.2 Purchasing Managers' Index (PMI) - Europe

see commentary [----](#)



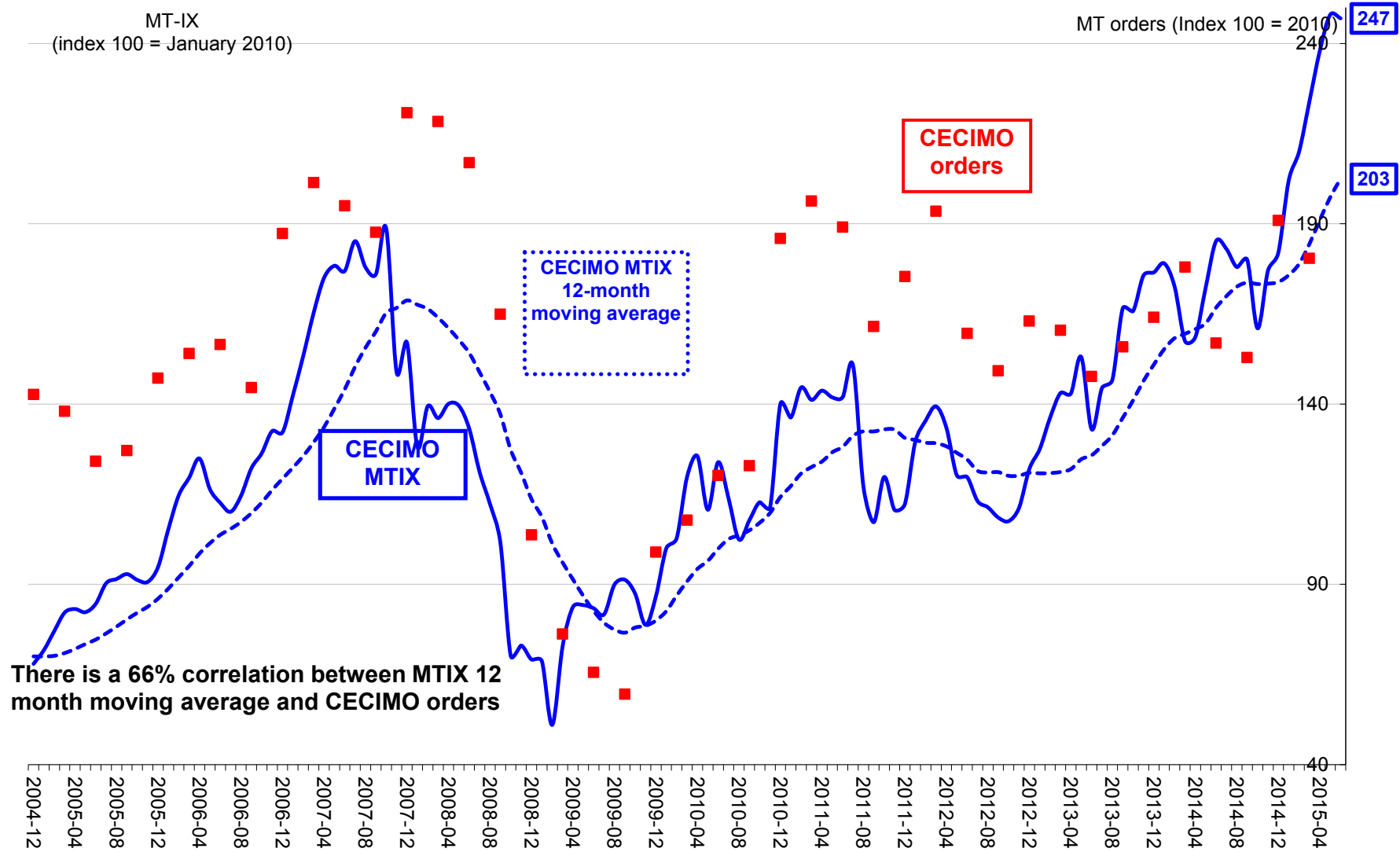
# 3.2 Purchasing Managers' Index (PMI) - Asia

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



source: Markit Economics





## CECIMO exports and imports per zone - 2015Q1

## EXPORTS

Zone	2015Q1	2014Q1	2015Q1/ 2014Q1	Share 2015Q1	Share 2014Q1
I. ASIA	990 660	1 023 756	-3%	24%	25%
II. AMERICAS	649 770	562 819	15%	16%	14%
III. EUROPE	2 012 549	2 006 440	0%	49%	50%
CECIMO	1 607 228	1 635 128	-2%		
non CECIMO	405 320	371 312	9%		
IV. Russia + CIS	241 799	237 352	2%	6%	6%
V. OTHERS	206 426	199 890	3%	5%	5%
<b>TOTAL EXPORTS</b>	<b>4 101 203</b>	<b>4 030 256</b>	<b>2%</b>		

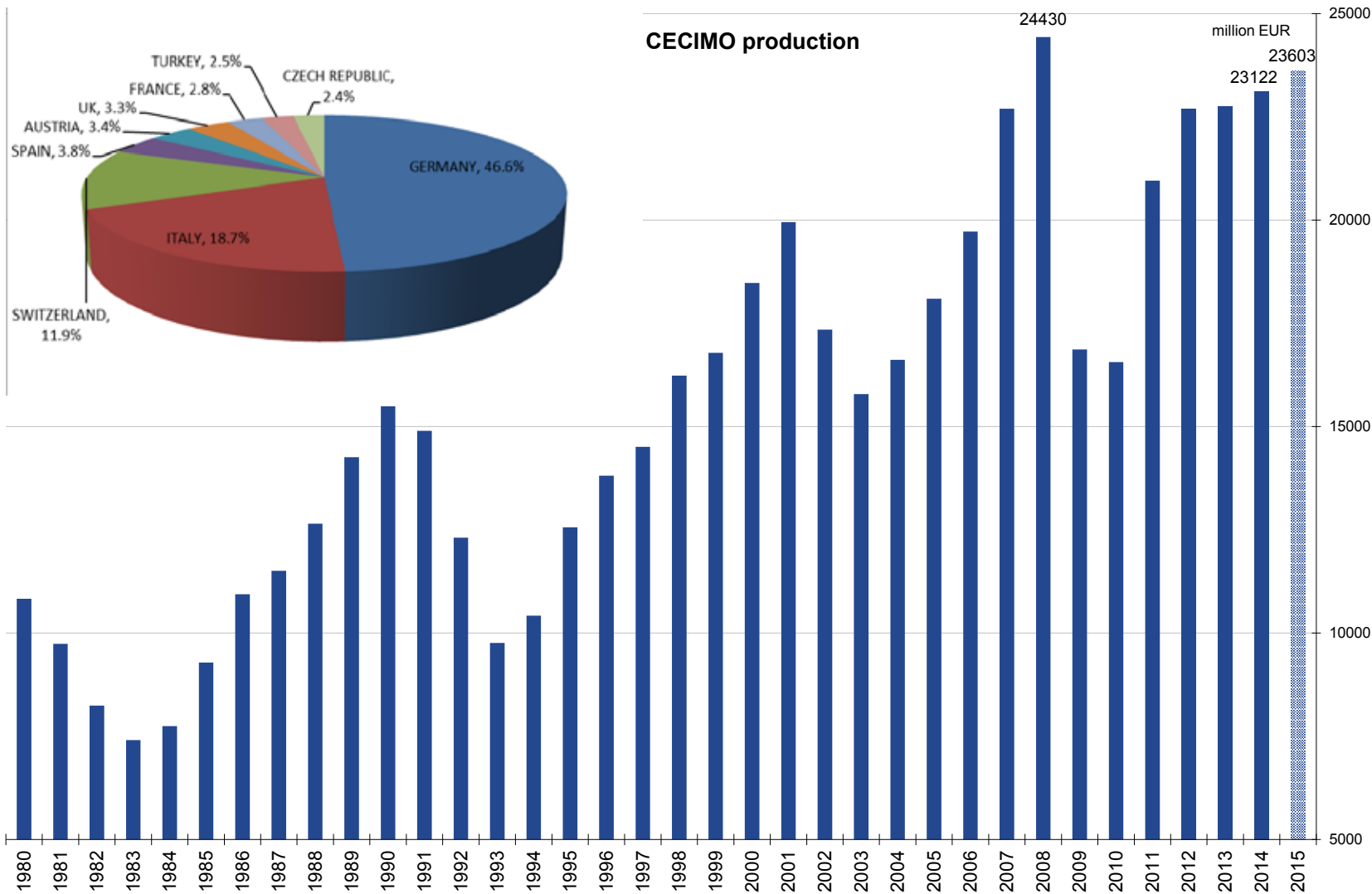
## IMPORTS

Zone	2015Q1	2014Q1	2015Q1/ 2014Q1	Share 2015Q1	Share 2014Q1
I. ASIA	669 682	606 986	10%	31%	30%
II. AMERICAS	105 038	85 451	23%	5%	4%
III. EUROPE	1 381 723	1 349 830	2%	64%	66%
CECIMO	1 322 865	1 297 907	2%		
non CECIMO	58 859	51 923	13%		
IV. Russia + CIS	2 757	2 145	29%	0%	0%
V. OTHERS	15 443	13 097	18%	1%	1%
<b>TOTAL IMPORTS</b>	<b>2 174 644</b>	<b>2 057 508</b>	<b>6%</b>		



# 5.2 CECIMO production

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



## 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](http://epp.eurostat.ec.europa.eu/cache/ITY_SDDS/EN/is_esms.htm)

## 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 and estimated share of the European companies in the world total output in 2005.