



European Association of the Machine Tool Industries

*where manufacturing begins*

# CECIMO Statistical Toolbox

July 2010 Edition

CECIMO aisbl

66, avenue Louise  
1050 Brussels  
Belgium

Tel: +32 2 502 70 90

Fax: +32 2 502 60 82

Email: [information@cecimo.eu](mailto:information@cecimo.eu)

[www.cecimo.eu](http://www.cecimo.eu)

For more information:

[christelle.roche@cecimo.eu](mailto:christelle.roche@cecimo.eu)

## Inside this edition...

### 0 Executive Summary

### 1 Machine Tool Orders

#### 1.1 Orders per Country

#### 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 New Orders of Capital Goods

#### 2.4 Industrial Production in Manufacturing

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

#### 2.6 Capacity Utilisation in the Investment Goods Sector

#### 2.7 Bank Lending Survey

### 3 Business Expectations

#### 3.1 Business Confidence Indicator in Europe of OECD

#### 3.2 Purchasing Manager Indexes (PMI)

### 4 MT-IX

### 5 Machine Tool Indicators

#### 5.1 External trade in Q1 2010

#### 5.2 CECIMO and Global Production since 2001

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

## EXECUTIVE SUMMARY – CECIMO STATISTICAL TOOL BOX – JULY 2010

---

After some signs of relief on the financial markets in May 2010 following the EU package aimed at supporting the sovereign debt of some European countries, investors seemed less confident in June. A recent Bloomberg survey of global investors has found that less than a quarter of respondents think that the region's €750bn support package will prevent the monetary union's break up or a member nation's default. Yet business confidence is a key indicator in cyclical industrial sectors such as machine tools.

Production statistics for April 2010 show that industrial production continued to rise almost everywhere. With 18% over the same period last year, the Indian industrial output was even stronger than forecasted. In the Eurozone, a growing industrial production of intermediate and investment goods did, in fact, offset the decreasing production of consumer goods over the previous month.

Liquidity is scarce, and companies continue to face credit crunch. The European central bank buys some assets (such as sovereign debt) in order to give some liquidity to the market. Building up the necessary European recovery during a period of decreasing monetary mass may become a real challenge.

The dilemma of debt versus growth was key during the Toronto G20 meeting on 26<sup>th</sup> and 27<sup>th</sup> June. Although financial markets reacted positively to the Chinese sign of flexibility as regards the Yuan value, markets are still concerned by the lack of perspectives for growth in the medium term in the developed economies, which may explain the recent volatility of markets.

Volatility, lack of liquidity, easing of confidence and concerns about the sustainable recovery in Europe and in the US over the end of 2010 is also what was observed in the different indicators of the tool box in June 2010.



### 1.1. Machine Tool Orders

Final data confirmed the trend observed with the preliminary results last month. The upturn observed in machine tool orders in CECIMO countries in the last quarter of 2009 was confirmed in the first quarter of 2010, at least for foreign and total orders. This shows the evidence of an export-led recovery (and notably exports to the emerging economies).



### 1.2. Peter Meier's Forecast

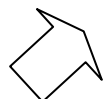
Final data confirmed the trend observed with the preliminary results last month. The business confidence indicator reached a level of 100.6 in May 2010. That means for the first time since mid 2008 production is just about to expand. Comparing the two curves we see, that the usual time lag of about 6 months for machine tools was also maintained during the crisis of 2009.

The development of machine tool orders was ahead of expectations in the first quarter of 2010. This effect can also be observed in other various machinery branches. It looks like after a negative overshooting in 2009 there is a positive overshooting going on now. There is a danger that this will lead to a next turning point by the end of 2010. Forerunning branches like semiconductor production equipment may already be close to this turning point. The next few months will show whether we really will have to consider this scenario.



### 2.1. GDP

The GDP grew by 1.3% in the EU 27 in the first quarter of 2010. Year on year, this is a 2.6% growth. Turnaround in GDP occurred in the second quarter of 2009. It took 3 quarters for machine tool orders to turn around following GDP (on a 12-month rolling basis)



### **2.2. Interest rates – EURIBOR**

Even though the Euribor interbank 3-month rate increased by 3% in the second quarter of 2010 in comparison with the previous quarter, it remains at its lowest level since the beginning of the historical series in 1999, and decreased by 48% over the same period last year. The European Central Bank announced in June 2010 that interest rates are expected to remain on hold until at least 2011, as a result of uneven growth and low inflation in the Eurozone. Despite the low interest rates, the recovery is still hampered by a depressed money supply in Europe.



### **2.3. New Orders in Capital Goods**

New orders of capital goods increased by 2% in April 2010 in comparison with March 2010. On a yearly basis, this is a 13% increase. Given the 84% correlation observed between 12-month rolling capital orders and 12-month rolling MT orders since 1998, our forecasts for MT orders are so far optimistic as regards the second quarter of 2010.



### **2.4. Industrial Production in Manufacturing**

The April 2010 data for industrial production in the Eurozone shows a 2.4% increase compared with the quarterly average of the first quarter of 2010. However, Eurostat points out that the situation differs strongly from country to country. All in all, this is a 7% increase year on year (with a 8% annual drop, the 12-month rolling basis has still not turned around)



### 2.5. Gross Fixed Capital Formation (GFCF)

The Gross Fixed Capital Formation has not turned around yet. Although investment in capital goods has already experienced a rebound. Investments from the public sector and from households (also included in GFCF) have slowed down the recovery of the aggregated indicator.



### 2.7. Bank Lending Survey

The net demand for company loans decreased in the second quarter of 2010 (based on the April bank lending survey) after a continuous growth since the beginning of 2009. Given the 86% correlation observed with this indicator + 6 months, this may be a warning for the trend in Machine Tool orders at the end of 2010. There may be a risk that the current depressed monetary supply and the global financial instability's impact the recovery in the machine tool sector).



### 3.1. Business Confidence in Europe

The OECD business confidence indicator experienced a slight decrease in May 2010 in comparison with April (from 101.1 to 100.6), possibly due to concerns following the Greece crisis and to the emergency plan decided by the EU at the beginning of May.



### 3.2. PMI Index

Almost all countries experienced an easing in their PMI in June 2010. The "new export orders" were generally the sub-index that slowed most, yet remaining above the 50 level. Output is still growing solidly as a consequence of the rise in orders in the last months (with a peak in April 2010).

The pace of recovery is therefore easing, and may be linked to the first signs of the overheating of the Chinese economy together with the social riots that took place last month. The latter may have generated some concerns on the sustainability and the pace of the Chinese growth. Whereas American and Asian PMI experienced a clear decrease in June 2010, European indexes remained flat, with the growth in output offsetting the easing in new orders.



### 4. MT-IX

The June MT-IX saw a 16% increase over that of May, which is a 59% rise on a 12-month basis. Although this is a satisfactory result following a disappointing May index, this is also the confirmation of the current general volatility on the Stock markets, and especially for companies in cyclical sectors like the machine tool industry. The uncertainties regarding currencies and public debts have an impact on growth forecasts and business confidence, which are both strongly correlated with machine tool orders. The 12-month rolling index, which smoothes the volatility effect, shows a slow but steady upturn trend since the third quarter of 2009.

### 5. CECIMO External trade of machine tools in Q1 2010

After a good end of 2009 for CECIMO exports and an increase of its global market share, the first quarter of 2010 was disappointing with a 27% decrease over the same period last year. In the same period, Japan increased its exports by 6%, confirming the upturn since the third quarter of 2009.

- ✓ Russia surpassed the USA as the second largest client country of CECIMO in the first quarter of 2010.
- ✓ Strong rise of CECIMO exports towards the Middle East countries
- ✓ 64% of CECIMO sales outside of CECIMO countries in Q1 2010 (56% in the first quarter of 2009)

## 1.1 Orders per Country

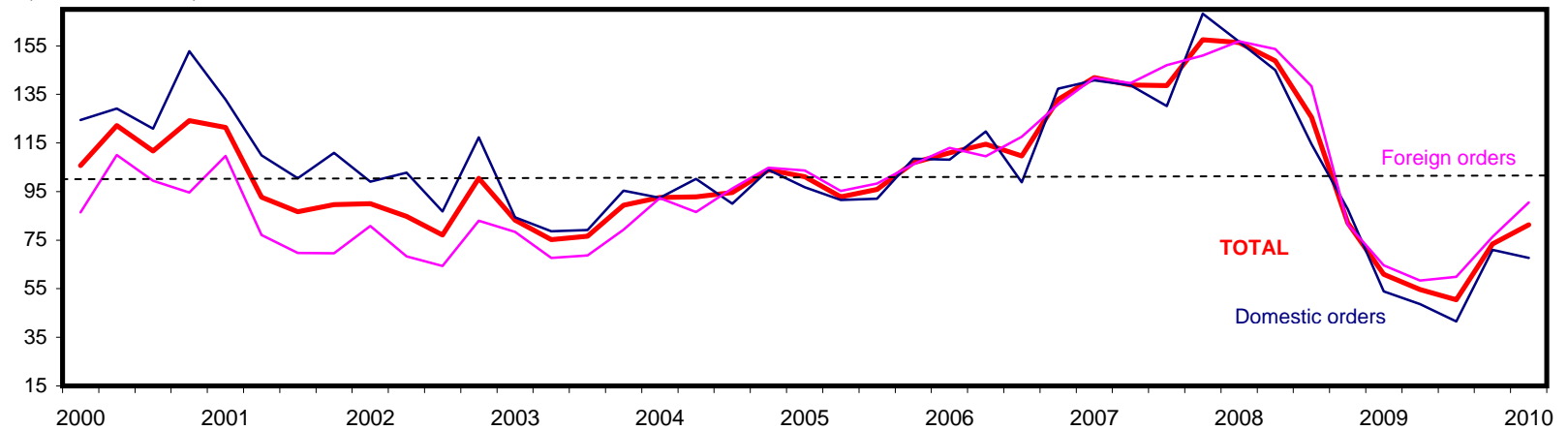
non adj. Orders

	TOTAL New orders			Domestic orders			Foreign orders		
	Index (100= 2005)	Q1 2010/ Q4 2009	Q1 2010/ Q1 2009	Index (100= 2005)	Q1 2010/ Q4 2009	Q1 2010/ Q1 2009	Index (100= 2005)	Q1 2010/ Q4 2009	Q1 2010/ Q1 2009
<b>CECIMO</b>	<b>81</b>	<b>11%</b>	<b>33%</b>	<b>68</b>	<b>-5%</b>	<b>25%</b>	<b>90</b>	<b>19%</b>	<b>40%</b>
<b>South Korea</b>	<b>124</b>	<b>16%</b>	<b>122%</b>	<b>120</b>	<b>24%</b>	<b>202%</b>	<b>132</b>	<b>6%</b>	<b>53%</b>
<b>Taiwan</b>	<b>88</b>	<b>57%</b>	<b>13%</b>	<b>62</b>	<b>11%</b>	<b>9%</b>	<b>95</b>	<b>70%</b>	<b>14%</b>
<b>Japan<sup>(1)</sup></b>	<b>57</b>	<b>27%</b>	<b>224%</b>	<b>29</b>	<b>12%</b>	<b>116%</b>	<b>92</b>	<b>33%</b>	<b>301%</b>
<b>USA</b>	<b>69</b>	<b>-3%</b>	<b>32%</b>	<b>64</b>	<b>-3%</b>	<b>36%</b>	<b>85</b>	<b>-4%</b>	<b>23%</b>

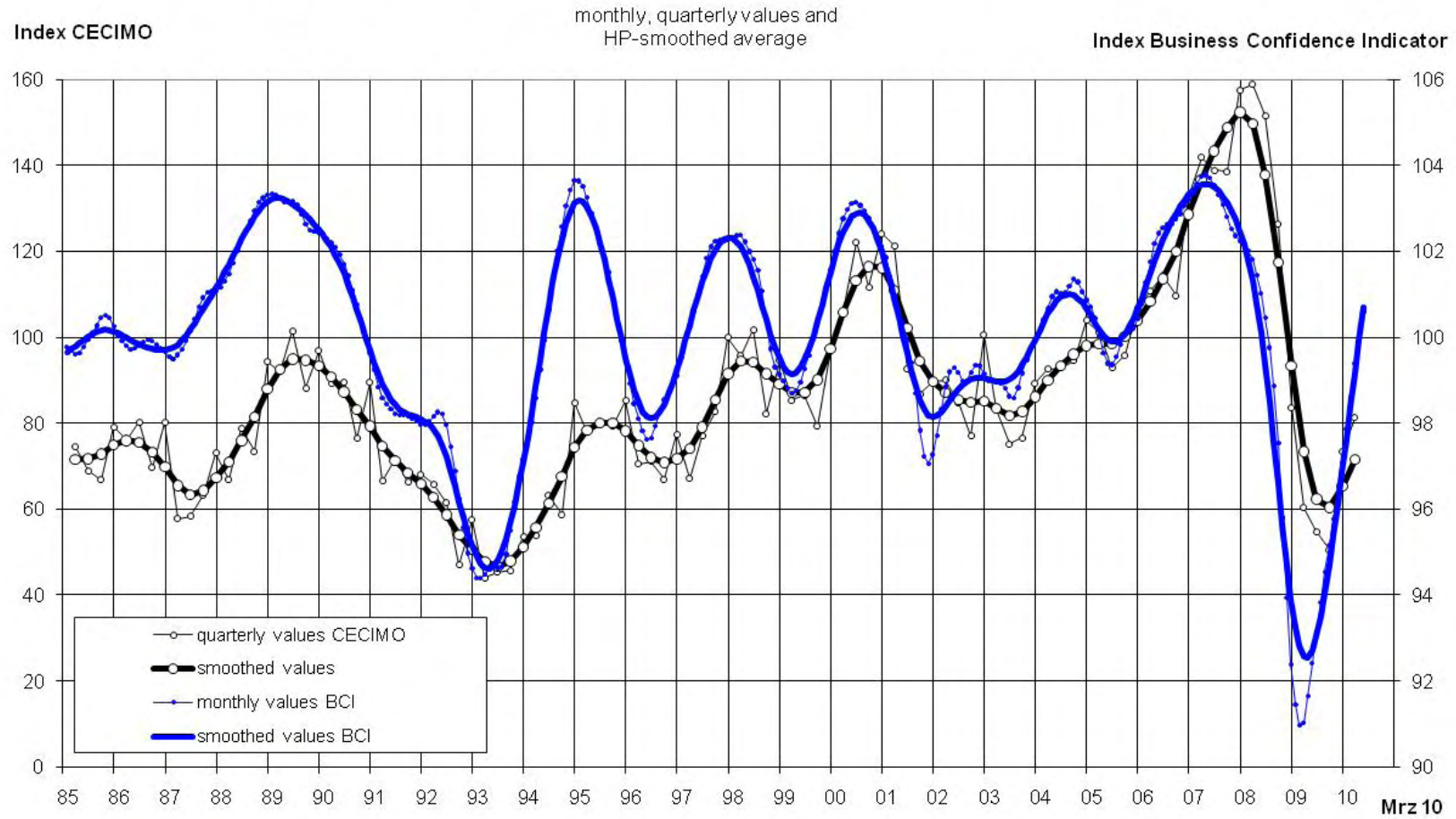
<sup>(1)</sup> only metal cutting

- CECIMO domestic orders
- CECIMO foreign orders
- CECIMO total orders

MT orders  
(index 100 = 2005)

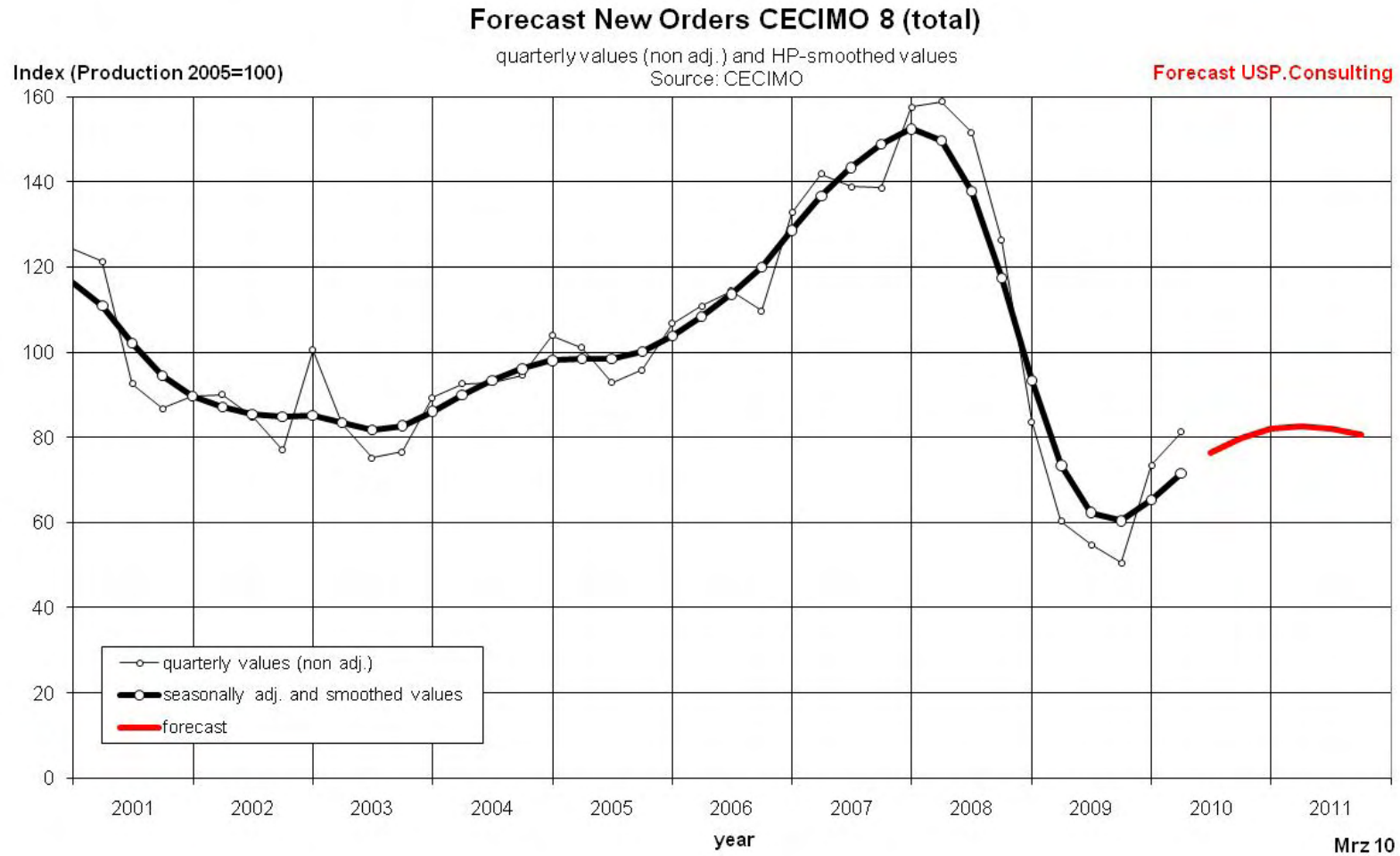


**New Orders CECIMO 8 (total) and Business Confidence Indicator (Europe)**



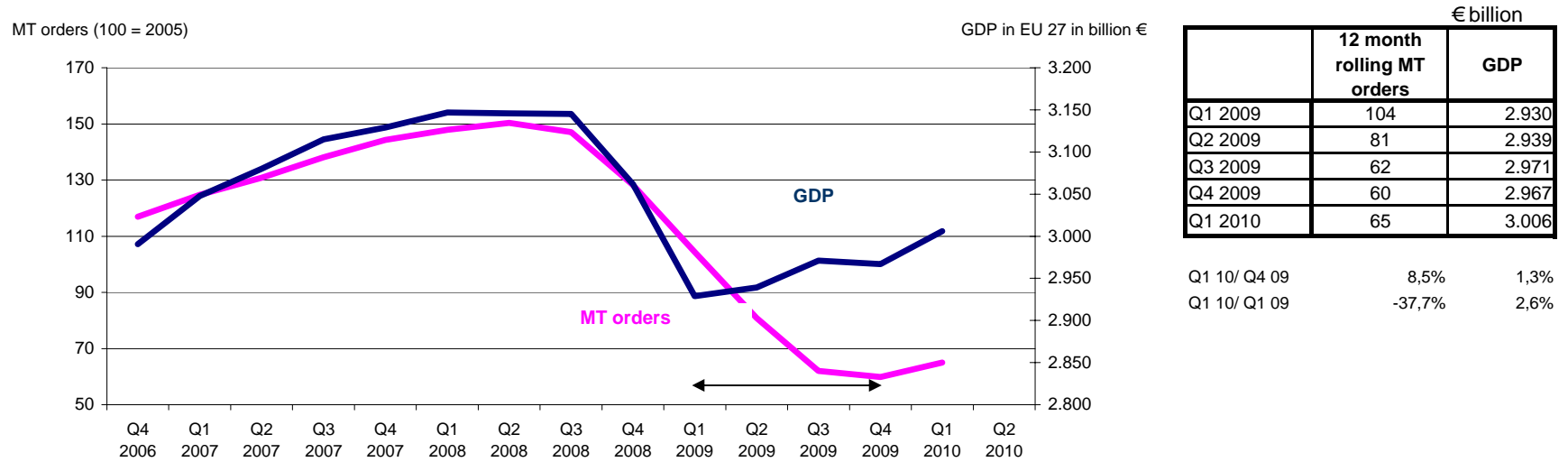
22.6.10





## 2.1 GDP

The GDP in the EU 27 grew by 1.3% in the first quarter of 2010. Year on year, this is a 2.6% growth. Turnaround in GDP occurred in the second quarter of 2009. It took 3 quarters for machine tool orders to turn around following GDP (on a 12-month rolling basis)



	€ billion	
	12 month rolling MT orders	GDP
Q1 2009	104	2.930
Q2 2009	81	2.939
Q3 2009	62	2.971
Q4 2009	60	2.967
Q1 2010	65	3.006
Q1 10/ Q4 09	8,5%	1,3%
Q1 10/ Q1 09	-37,7%	2,6%

There has been a **84%** correlation between quarterly GDP and 12-month rolling MT orders since 2006

**note:**

GDP measures the production that takes place within the country's borders (here the EU 27) and is a sum of Consumption (C), Investment (I), Government Spending (G) and Net Exports (X - M).

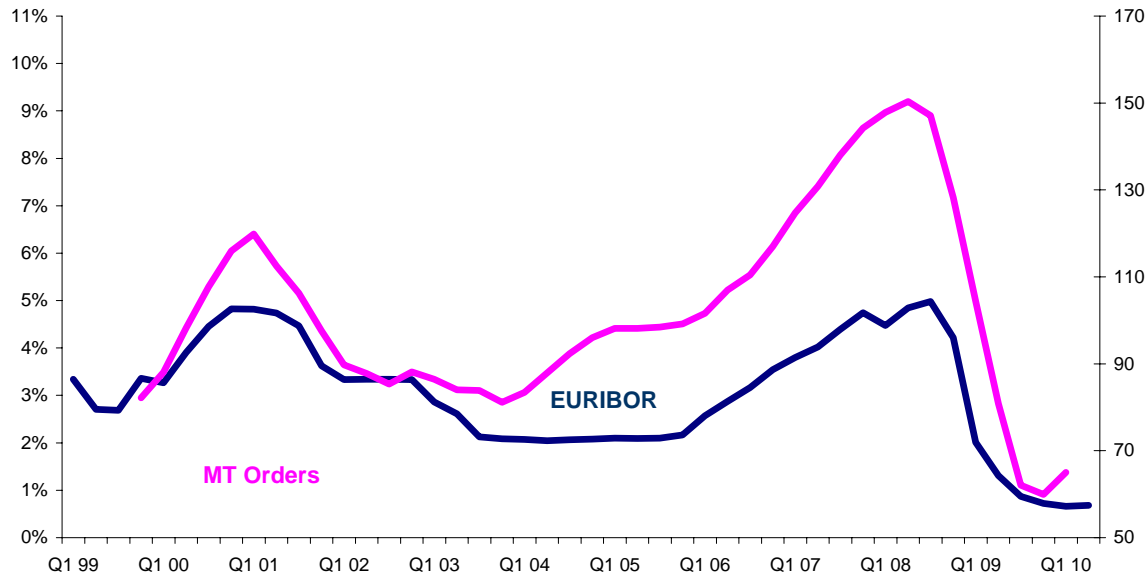
The composition of the 2008 European GDP is: 71% services, 27% industry, 2% agriculture

Source data: Eurostat

## 2.2 Interest Rates - Euribor

Even though the Euribor interbank 3-month rate increased by 3% in the second quarter of 2010 in comparison with the previous quarter, it remains at its lowest level since the beginning of the historical series in 1999, and decreased by 48% over the same period last year. The European Central Bank announced in June 2010 that interest rates are expected to remain on hold until at least 2011, as a result of uneven growth and low inflation in the Eurozone. Despite the low interest rates, the recovery is still hampered by a depressed money supply in Europe.

3-month EURIBOR



MT orders

- 3-month "EURO InterBank Offered Rate" EURIBOR
- 12-month rolling average of CECIMO 8 MT quarterly orders

**An 80% correlation between Euribor & 12-month rolling MT orders since 1999**

	Euribor	12-month MT Orders <sup>(1)</sup>
<b>Q2 09</b>	1,31%	80,9
<b>Q3 09</b>	0,87%	62,1
<b>Q4 09</b>	0,72%	59,9
<b>Q1 10</b>	0,66%	65,0
<b>Q2 10</b>	0,68%	n/a

Q2 10/Q1 10 3,2%

Q2 10/Q2 09 -48%

From January 1999, the euro area rate is the 3-month "EURO InterBank Offered Rate" EURIBOR rate at which euro InterBank term deposits are offered by one prime bank to another prime bank. The quarterly 3-month EURIBOR (on the graph) is the arithmetic average of the 3 monthly values of the rate (on the 15th each month) or of the last month or 2 months for the ongoing quarters

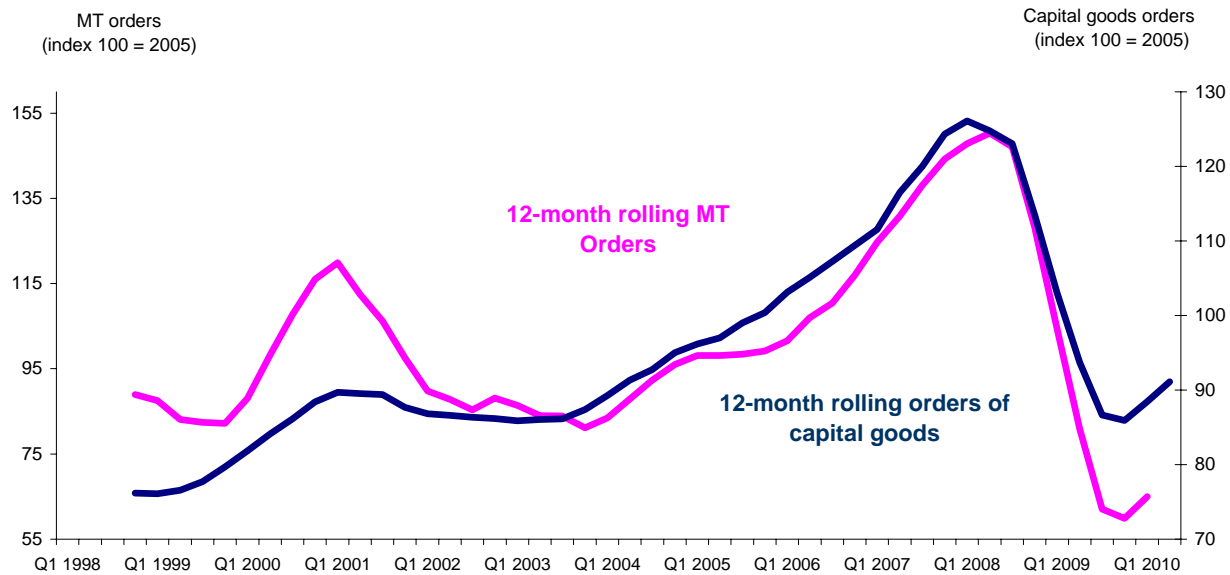
Interest rates affect the economy by influencing stock and bond interest rates, consumer and business spending, inflation, and recessions. However, it is important to understand that there is generally **12-month time-lag in the economy**, meaning that it will take at least 12 months for the effects of any increase or decrease in interest rates to be felt.

Source Data: European Central Bank (monetary aggregates)

NOTE: UK data prior to 2004 is based on a previous statistical classification

## 2.3 New Orders of Capital Goods

Orders of capital goods increased by 2% in April 2010 over March 2010. On a yearly basis, this is a 13% increase. Given the 84% observed correlation between 12-month rolling capital orders and 12-month rolling MT orders since 1998, our forecasts for MT orders are so far optimistic as regards the second quarter of 2010.



	orders of capital goods	12-month rolling	
		capital orders	MT orders <sup>(1)</sup>
Q2 2009	83,9	93,7	80,9
Q3 2009	88,6	86,6	62,1
Q4 2009	89,0	85,9	59,9
Q1 2010	92,3	88,4	65,0
Q2* 2010*	94,6	91,1	n/a

\* April data only

Q2* 10/ Q1 10	2%	3%	n/a
Q2* 10/ Q2 09	13%	-3%	n/a

— 12-month rolling CECIMO MT orders

— EU 27 capital goods orders (12 month rolling)

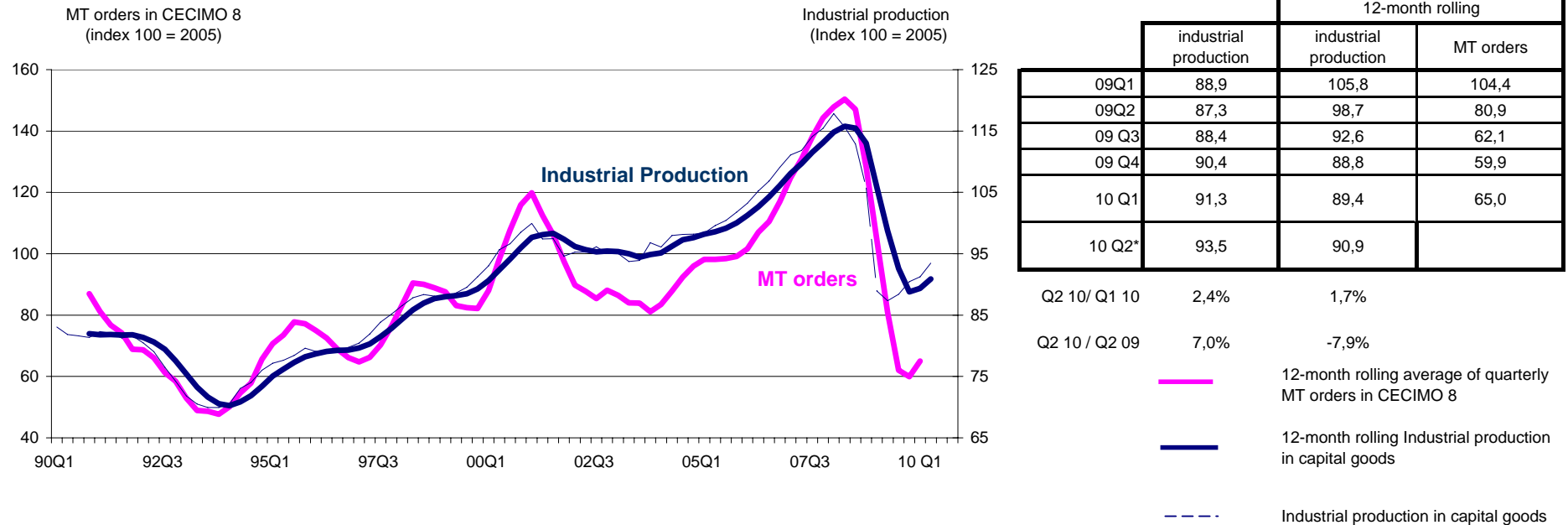
An 84% correlation between 12-month rolling orders of capital goods and 12-month rolling orders of Machine Tools since 1998

source: Eurostat + national associations

note: UK MT data prior to 2004 is based on the former statistical classification of products

## 2.4 Industrial Production in Manufacturing

The April 2010 data for industrial production in the Eurozone shows a 2.4% increase compared with the quarterly average of the first quarter of 2010. However, Eurostat points out that the situation differs strongly from country to country. All in all, this is a 7% increase year on year (with a 8% annual drop, the 12-month rolling basis has still not turned around)



**A 91% correlation between industrial production in capital goods and MT orders (12-month rolling basis) since 1990**

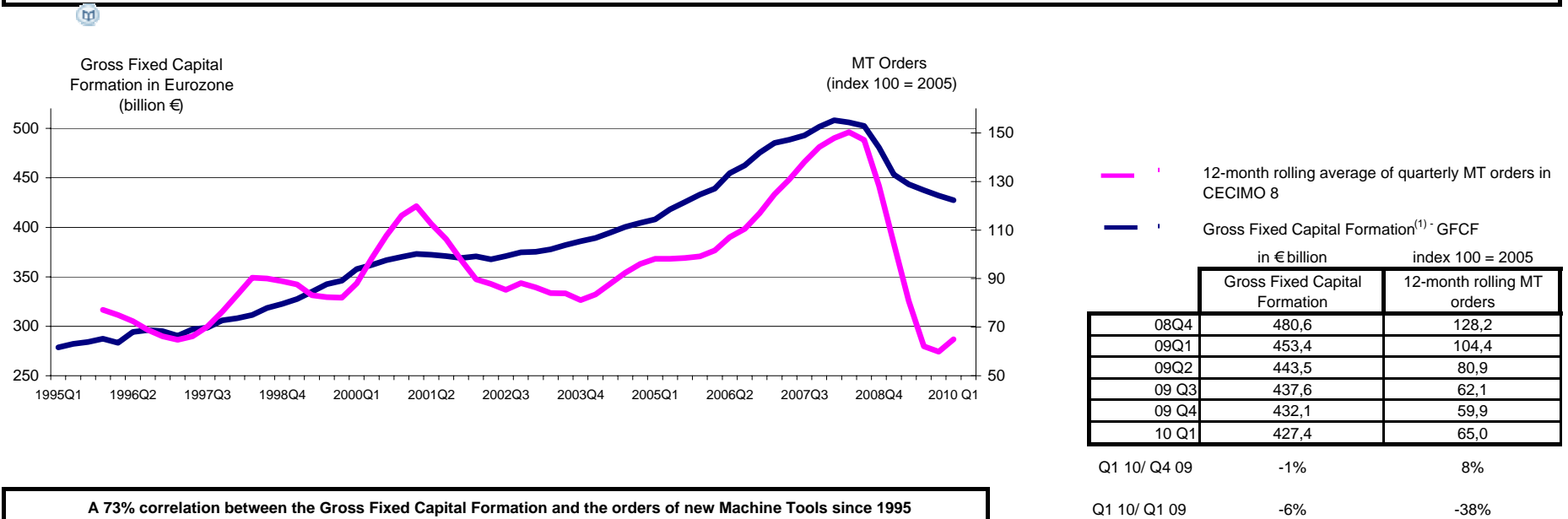
source Eurostat short term statistics

Industrial production of capital goods (seasonally adjusted) in the Eurozone

note: UK M.T data prior to 2004 is based on the former statistical classification for products

## 2.5 Gross Fixed Capital Formation (GFCF)

The Gross Fixed Capital Formation has not turned around yet. Although it appears that investment in capital goods has experienced a rebound, investments from the public sector and from households (that are also included in GFCF) have slowed down the recovery of the aggregated indicator.



<sup>(1)</sup> product acquisitions, less disposals, of fixed assets in Eurozone  
 CECIMO 8 = Germany, Italy, Switzerland, Spain, France, UK, Czech Republic, Austria

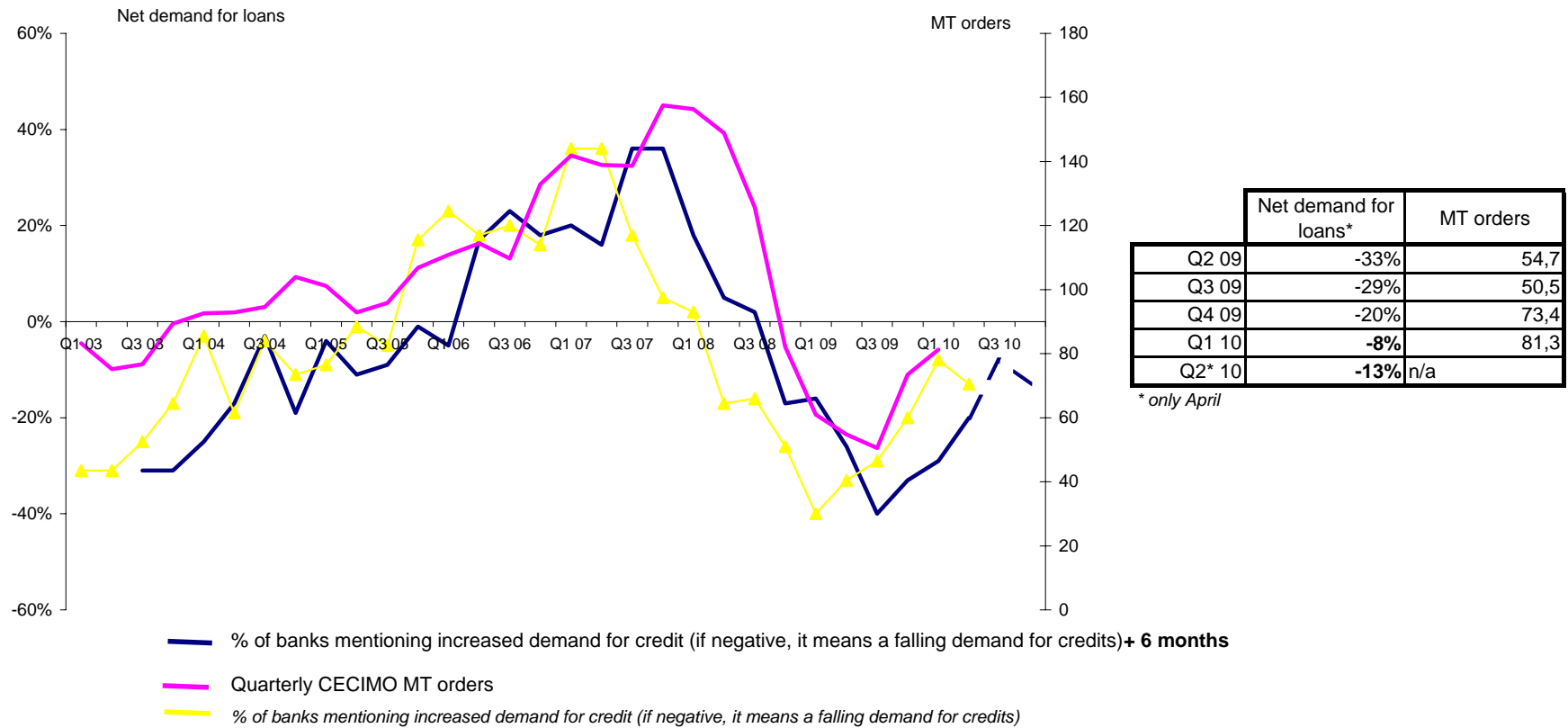
Fluctuations in this indicator are often considered to show something about future business activity and the pattern of economic growth. GFCF is a component of the expenditure on GDP.

NB: it does not take the second-hand market into account

note: UK MT data prior to 2004 is based on a former statistical classification

## 2.7 Bank Lending Survey

The net demand for company loans decreased in the second quarter of 2010 (based on the April bank lending survey) after a continuous growth since the beginning of 2009. Given the 86% correlation observed with this indicator + 6 months, this may be a warning for the trend in Machine Tool orders at the end of 2010. There may be a risk that the current depressed monetary supply and the global financial instability impact the recovery in the machine tool sector

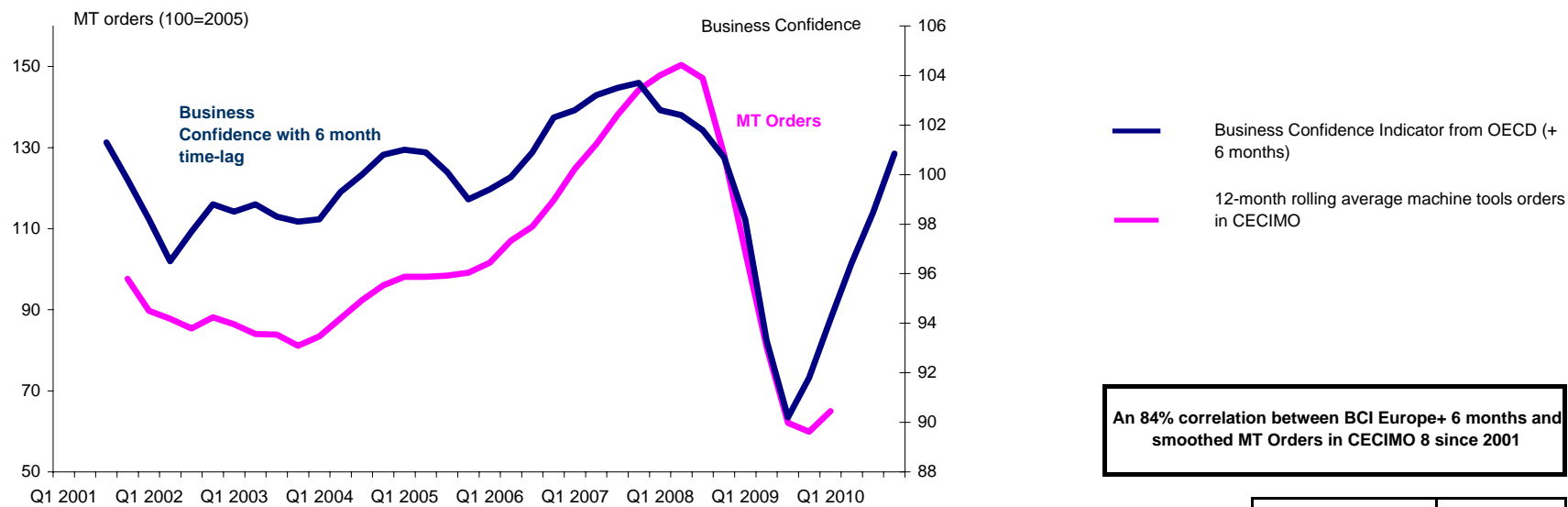


There is an **86%** correlation between both the net demand for loans + 6 months and the Quarterly MT orders since 2003: it means that when demand for loans turns around, it takes an average 6 months for Machine Tool orders to turn around

source: European Central Bank

### 3.1 Business Confidence Indicator in Europe of OECD

The OECD business confidence indicator experienced a slight decrease in May 2010 in comparison with April (from 101.1 to 100.6), possibly due to the concerns following the Greece crisis and to the emergency plan decided by the EU at the beginning of May.



An 84% correlation between BCI Europe+ 6 months and smoothed MT Orders in CECIMO 8 since 2001

NB: Business confidence from OECD is a monthly data: arithmetic average has been calculated in order to obtain the quarterly figure

CECIMO 8 = Germany, Italy, Switzerland, Spain, France, UK, Czech Republic, Austria

note: UK MT data prior to 2004 is based on a former statistical classification for products

	12-month rolling MT orders <sup>(1)</sup>	Business Confidence Index
Q1 2009	104,4	90,2
Q2 2009	80,9	91,8
Q3 2009	62,1	94,2
Q4 2009	59,9	96,4
<b>Q1 2010</b>	<b>65,0</b>	<b>98,5</b>
Q2 2010*		100,9

\*only April and May 2010

Business confidence 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 a downturn and a decrease below 100 is a slowdown

source: OECD website <http://stats.oecd.org/wbos/Index.aspx?queryname=299&querytype=view>



### 3.2 Purchasing Manager Indexes (PMI)

Almost all countries experienced an easing in their PMI in June 2010. The "new export orders" was generally the sub-index that slowed, yet remaining above the 50 level. Output is growing solidly as a consequence of the rise in orders in the last months (with a peak in April 2010)

	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Comments
<b>Global</b>	<b>41</b>	<b>36,5</b>	<b>33,7</b>	<b>35</b>	<b>35,8</b>	<b>37,2</b>	<b>43,2</b>	<b>45,3</b>	<b>46,9</b>	<b>50</b>	<b>53,1</b>	<b>53</b>	<b>54,4</b>	<b>53,6</b>	<b>55</b>	<b>56,1</b>	<b>55,4</b>	<b>56,7</b>	<b>57,8</b>	<b>57,2</b>	<b>55</b>	<b>Pace of recovery eased in June as growth of new orders and output slowed</b>
China	44,6	40,9	38,6	42,2	45,1	44,8	50,1	51,2	51,8	52,8	55,1	55	55,4	55,7	56,1	57,4	55,8	57	55,2	52,7	50,4	Slight declines in output, new orders and new exports Modest employment growth Output prices fell for the first time in twelve months.
India	52,2	45,8	44,4	46,7	47	49,5	53,3	55,7	55,3	55,3	53,2	55	54,5	53	55,6	57,6	58,5	57,8	57,2	59	57,3	Output and total new orders increased considerably, but at slightly weaker rates. New export business rose at accelerated pace. Employment stagnated
Japan	42,2	36,7	30,8	29,6	31,5	33,8	41,4	46,6	48,2	50,4	53,6	54,5	54,3	52,3	53,8	52,5	52,5	52,4	53,8	54,7	53,9	Growth of output and new orders weakened, but remained significant New export orders rose at third-steepest rate in survey history Employment increased again
South Korea											53,6	52,7	52,5	52,6	52,8	55,6	58,2	55,6	57,1	54,6	53,3	Expansions in both new orders and output weakened Employment rose
Taiwan										53,8	55,1	57,5	59,8	58,4	58,7	61,7	62,5	62,7	60,7	57,4	53,8	New orders and output rose at slower rates Employment rose
Brazil	45,7	41,6	40	38,1	41,6	42,2	44,8	47,8	48,1	48	50,6	52,3	53,7	55,5	55,8	57,8	55,8	55,4	53,8	52,4	52,7	New export business unchanged Job creation only modest
Canada	52,2	40,2	39,1	36,1	45,2	43,2	53,7	48,2	58,2	51,8	55,7	61,7	61,2	55,9	48,4	50,8	51,9	57,8	58,7	62,7		
USA	38,9	36,6	32,9	35,6	35,8	36,3	40,1	42,8	44,8	46,5	52,9	52,6	55,7	53,6	55,9	58,4	56,5	59,6	60,4	59,7	56,2	Slowed new orders and production. Machinery among the few sectors that reported a contraction in June
<b>Eurozone</b>	<b>41,3</b>	<b>35,6</b>	<b>33,9</b>	<b>34,4</b>	<b>33,5</b>	<b>33,9</b>	<b>36,8</b>	<b>40,7</b>	<b>42,6</b>	<b>46,3</b>	<b>48,2</b>	<b>49,3</b>	<b>50,7</b>	<b>51,2</b>	<b>51,6</b>	<b>52,4</b>	<b>54,2</b>	<b>56,6</b>	<b>57,6</b>	<b>55,8</b>	<b>55,6</b>	<b>Output is still strong despite lower than the April peak Modest rise in employment Moderation of orders</b>
Austria	43,4	38,3	35	33	34,6	42,2	39	39,3	42	46,5	49,9	50,3	51,1	49,9	50,8	51,8	55,4	56,7	60,3	58,2	59	New business expanded at third-fastest pace in series history. Employment continued to increase markedly.

### 3.2 Purchasing Manager Indexes (PMI)

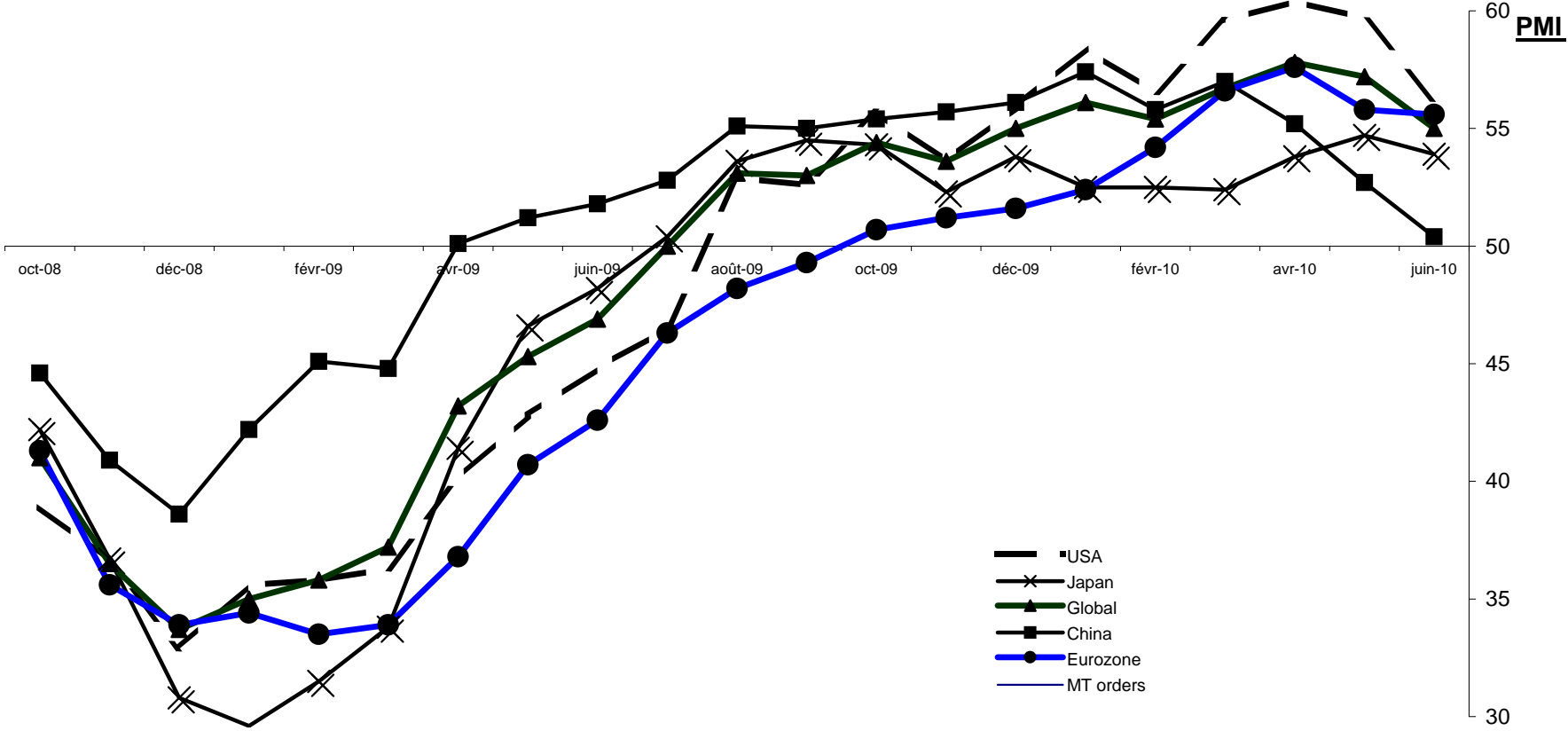
	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Comments
Czech republic	41,2	37,8	32,7	31,5	32,6	34	38,6	40,5	41,9	43,4	47	49,5	49,8	50,6	50,8	53,1	54,3	56,8	57,3	57,6	57,6	Survey-record increase in new export orders Employment rose
France	40,6	37,3	34,9	37,9	35,8	36,5	40,1	43,3	45,9	48,1	50,8	53	55,6	54,4	54,7	55,4	54,9	56,5	56,6	55,8	54,8	Weakest output level in ten months, lower level of export orders Employment decreased in manufacturing The weak euro increases the costs of imports, which generate higher selling prices
Germany	42,9	33,5	32,7	32,2	32,1	32,4	35,4	39,6	40,9	45,7	49,2	49,6	51	52,4	52,7	53,7	57,2	60,2	61,5	58,4	58,4	Output increased sharply in June, but new order growth eased to six-month low
Italy	39,7	34,9	35,5	36,1	35	34,6	37,2	41,1	42,7	45,4	44,2	47,6	49,2	50,1	50,8	51,7	51,6	53,7	54,3	54	54,3	New orders from export markets up at fastest pace in four years. Job losses slowed to fractional rate Price pressures remained considerable
NL	45,3	38,7	38,4	36,3	35,5	35,9	38,8	41,2	44,4	46,6	50,5	50	50,5	51,9	53,1	54,8	55,2	57,8	56,9	56,5	55,9	Output rose at milder pace Total new order growth is moderate
Poland	43,7	40,5	38,3	40,3	40,8	42,2	42,1	42,5	43	46,5	48,2	48,2	48,8	52,4	52,4	51	52,4	52,5	52,5	52,2	53,3	Fastest growth of new export orders for four and a half years Manufacturing employment increased
Russia	46,4	39,8	33,8	34,4	40,6	42	43,4	45,3	47,3	48,4	49,6	52	49,6	49,1	48,8	50,8	50,2	50,2	52,1	52	52,6	Domestic market was a key source of improving demand
Spain	34,6	29,4	28,5	31,5	31,8	32,9	34,6	39,8	42,8	47,3	47,2	45,8	46,3	45,3	45,2	45,3	49,1	51,8	53,3	51,5	51,2	Both output and new orders rose at weaker pace. Fastest reduction in employment in four months.
Switzerland	47	37,3	36,5	35	32,6	32,6	34,7	39,8	41,8	44,3	50,2	54,3	54	56,9	53,7	56	57,4	65,5	65,9	66,4	65,7	
Turkey	40,8	34,6	32,6	32,9	34,2	37	43,7	51	53,9	54	53,8	53,3	52,7	51,8	50,6	53	50,9	54,9	56	56,5	53,2	Slowing growth of new orders and output Employment increased further
UK	40,7	34,5	34,9	35,8	34,7	39,5	42,9	45,4	47,4	50,8	49,7	49,5	53,7	51,8	54,1	56,7	56,6	57,2	58	58	57,5	Robust manufacturing expansion supports fastest job creation since 1995, but growth of new exports slowed sharply

sources: HSBC, Markit, CLSA, Acheteurs de France, ABN Amro, Adaci, BME, VTB, Cips, Nomura, ISM, SVME, Ivey

The PMIs (Purchasing Managers Indexes) are based on a monthly survey of purchasing managers. An index over 50 means an improved situation compared to the previous month (and conversely) - 5 areas covered: new orders - production - employment - input price - output price

3.2 Manufacturing Purchasing Managers' Indexes: GLOBAL

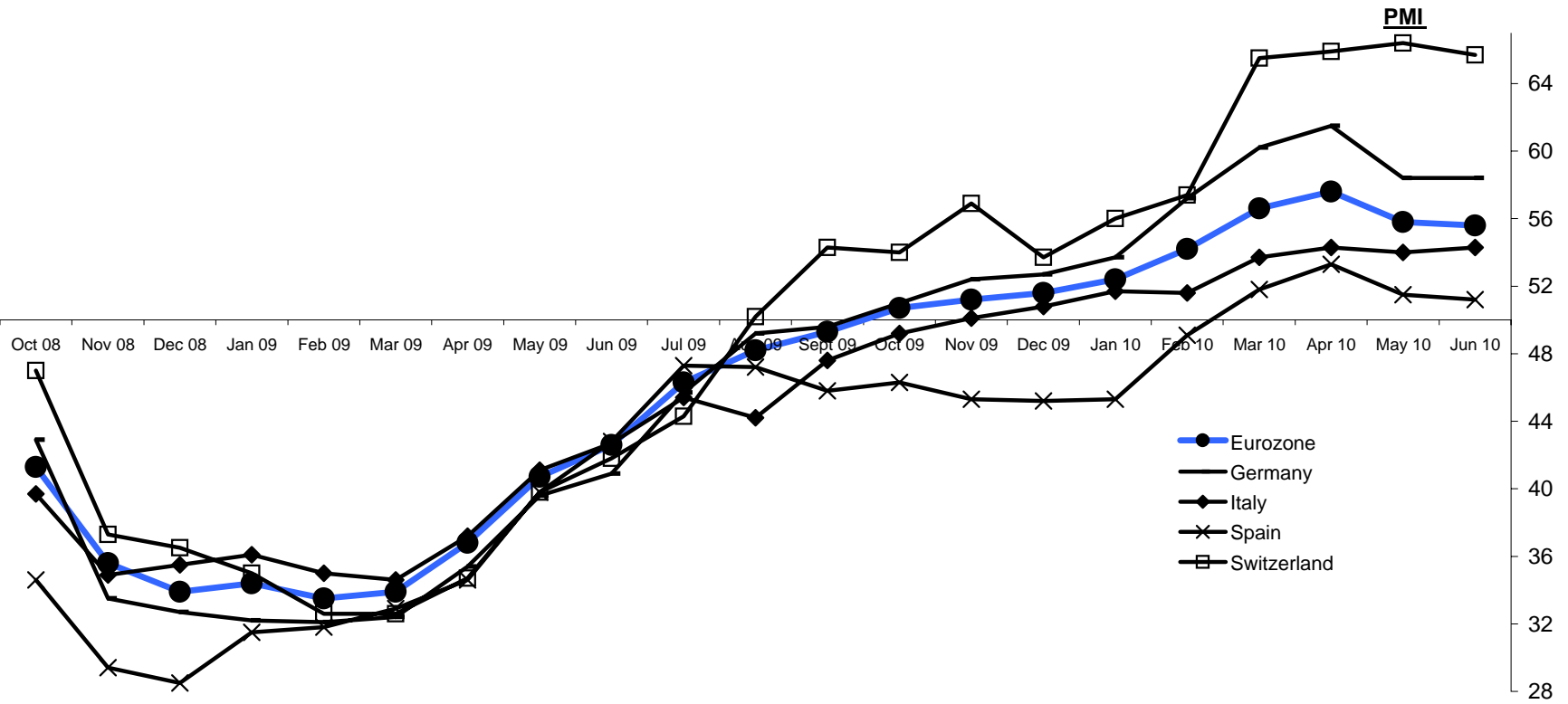
Pace of recovery eased in June as growth of new orders and output slowed. Eurozone seems to cope better to the first signs of overheating of the Chinese growth



sources: ISM (USA), Nomura (Japan), JP Morgan (Global), HSBC (China), Markit (Eurozone)

### 3.2 Manufacturing Purchasing Managers' Indexes: EUROPE

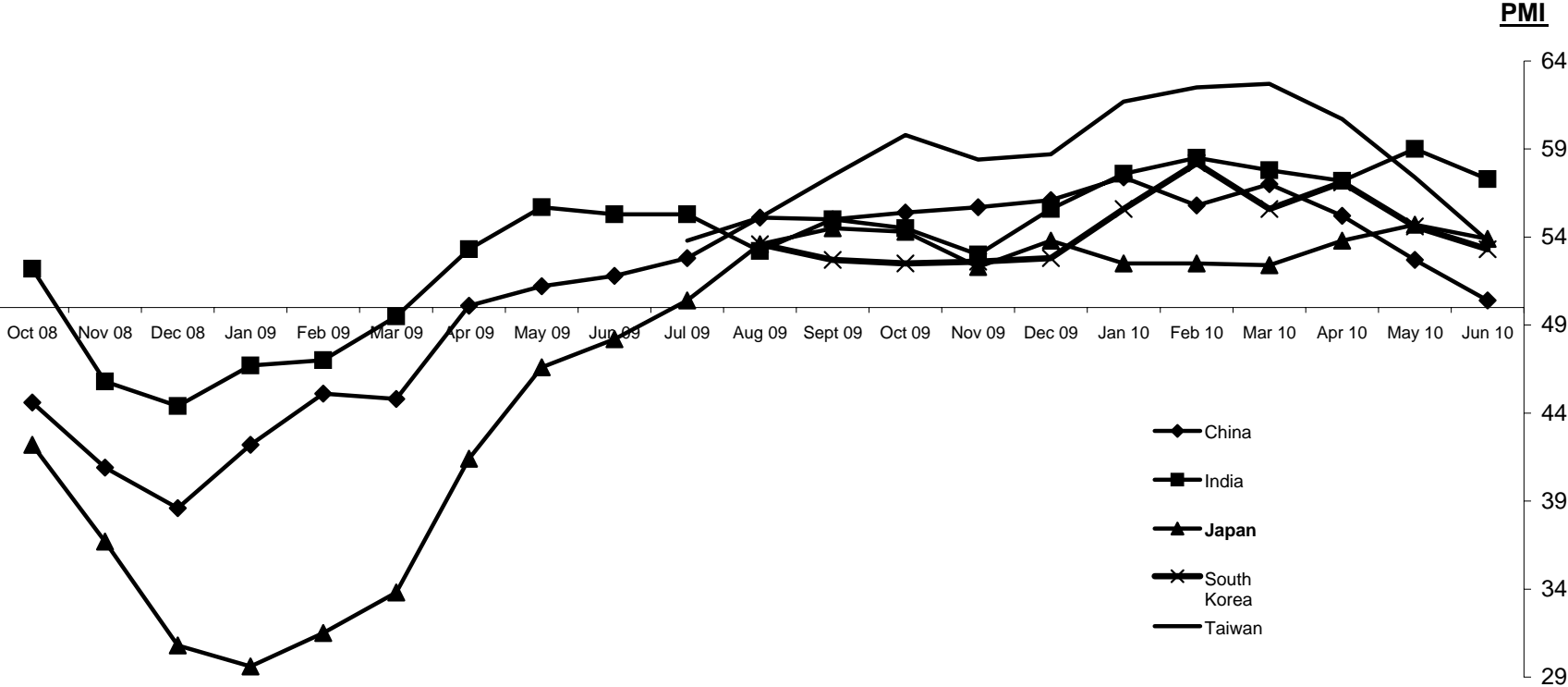
Whereas American and Asian PMI experienced a clear decrease in June 2010, European indexes remained flat, the growth in output offsetting the easing in new orders



sources: Markit (Eurozone, Spain), BME (Germany), IDACI (Italy), SVME (Switzerland)

3.2 Manufacturing Purchasing Managers' Indexes: ASIA

With a PMI close to the 50 line, the Chinese index of June 2010 reflects some concerns regarding the sustainability and the speed of the Chinese growth



sources: HSBC

4 MT-IX

SOURCE: bloomberg (share price) & www.oanda.com for exchange rates

														weighted index		
24/6/10	Symbol/Name	Local Currency	Value (local currency)	Exchange Rate/€(M)	Value (€)	NB of Shares (million)	Total market Cap (million €)	Machine Tool Revenues (%) 2009	Machine Tool Market Cap (€)	SIMPLE INDEX	Weighted country MT market cap (%) based on actual 2008 production*	Weighted country MT market cap (%) based on actual 2008 production	WEIGHTED INDEX	Month on Month %	Year on year %	
Doosan Infracore	042670:KS	KR WON	19.900,0	1.454,33	13,68	168,38	2.304	9%	207	-52%	7%	414				
Okuma	6103:JP	YEN	618,0		5,58	168,78	942	100%	942	5%						
Amada	6113:JP	YEN	642,0		5,80	396,50	2.299	5%	113	-95%						
Makino	6135:JP	YEN	649,0		5,86	119,95	703	100%	703	21%						
Mori Seiki	6141:JP	YEN	999,0	110,70	9,02	118,48	1.069	100%	1.069	-4%	26%	1.441				
Sodick	6143:JP	YEN	340,0		3,07	53,43	164	72%	117	20%						
OKK	6205:JP	YEN	184,0		1,66	81,47	135	100%	135	166%						
Takisawa	6121:JP	YEN	116,0		1,05	65,78	69	100%	69	51%						
Hardinge	HDNG:US	US \$	8,9	1,23	7,27	11,61	84	100%	84	8%	6%	347				
Rofin Sinar	RSTI:US	US \$	22,1		18,04	31,95	577	100%	577	17%						
Tong Tai	4526:TT	tw \$	31,7	39,50	0,80	206,90	166	50%	83	20%	8%	451				
Romi	ROMI3:BZ	real	10,7	2,20	4,87	74,76	364	25%	91	-8%	2%	118				
Georg Fischer AG	<a href="#">FI/N:SW (CHF)</a>	CHF	373,5		274,63	4,10	1.126	30%	338	7%						
Feintool International Holding AG	<a href="#">FTON:SW (CHF)</a>	CHF	336,0		247,06	0,76	189	65%	122	46%						
Starrag-Heckert Holding AG	<a href="#">STGN:SW (CHF)</a>	CHF	551,0	1,36	405,15	0,25	102	100%	102	0%	7%	366				
Tornos SA	<a href="#">TOHN:SW (CHF)</a>	CHF	8,5		6,25	15,03	94	100%	94	5%						
600 Group Plc/The	<a href="#">SIXH:LN (GBp)</a>	£	20,8	0,82	25,18	0,57	14	100%	14	-1%	1%	79				
Fidia	<a href="#">FDA:IM</a>				3,71	5,12	19	100%	19	-12%	13%	715				
Prima Industrie	<a href="#">PRI:IM</a>				7,50	8,64	65	100%	65	-6%						
Gildemeister AG	<a href="#">GIL:GR (€)</a>				9,59	45,58	437	64%	280	-7%						
Hermle Berthold Masch AG	<a href="#">MBH3:GR (€)</a>				61,40	5,00	307	100%	307	10%	25%	1.430				
Schuler AG	<a href="#">SCU:GR (€)</a>				4,20	10,50	44	100%	44	110%						
A-TEC Industries AG	<a href="#">ATEC:AV (€)</a>				8,67	26,40	229	9%	20	-21%	2%	112				
Nicolas Correa SA	<a href="#">NEA:SM (€)</a>				1,45	14,46	21	100%	21	-31%	3%	141				

change in number of shares as compared to previous month

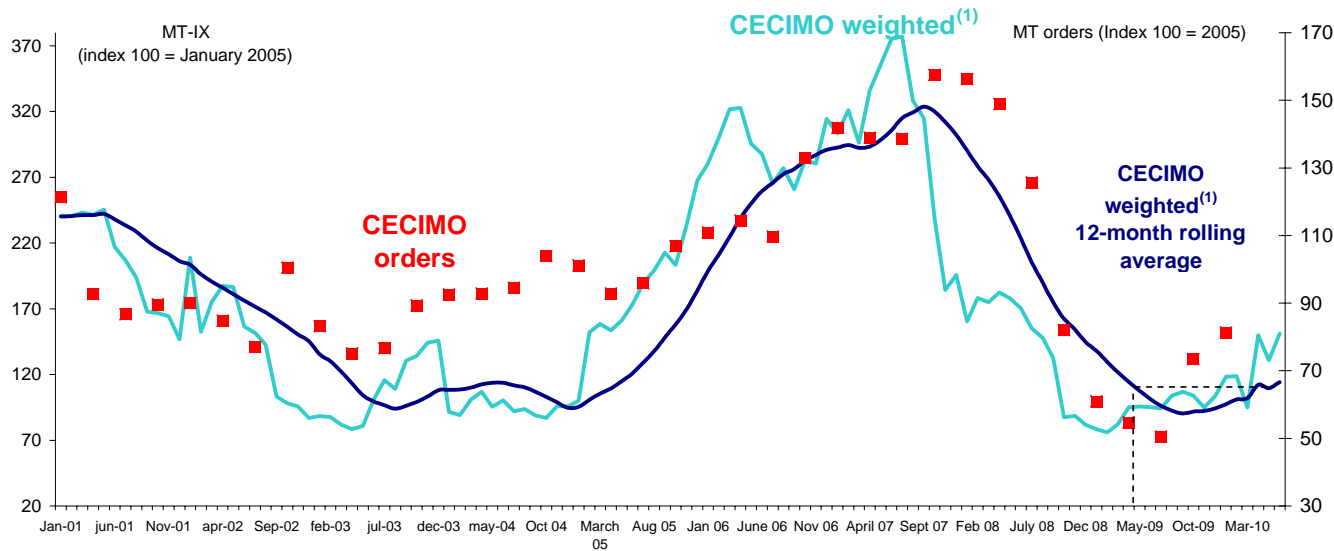
CECIMO  
GLOBAL

cecimo ROLLING AVERAGE 12 MONTHS

1.426	160	13%	2.843	151	16%	5.617	132	4%	59%
5.617	136								
			2.220	114					13%

## 4 MT-IX

The June MT-IX experienced a 16% increase over that of May, which is a 59% rise on a 12-month basis. Although this is a satisfactory result following a disappointing May index, this is also the confirmation of the current general volatility on the Stock markets, and especially for companies in cyclical sectors like the machine tool industry. The uncertainties regarding currencies and public debts have an impact on growth forecasts and business confidence, which are both strongly correlated with machine tool orders. The 12-month rolling index, which smoothes the volatility effect, shows a slow but steady upturn trend since the third quarter of 2009.



	CECIMO		GLOBAL
	MT-IX	12-month rolling	
juin-09	95	101	86
mai-10	131	110	118
<b>juin-10</b>	<b>151</b>	<b>114</b>	<b>136</b>

June 10 / May 10      16%      4%  
 June 10 / June 09      59%      13%

**There has been a 77% correlation between MTIX (12 month rolling average) and MT orders in CECIMO since January 2001**

(1) CECIMO weighted market capitalisation = 44% of the global market capitalization of 24 Machine Tool companies (44% is the global market share of the CECIMO countries in the production of machine tools)

The MT-IX portfolio is made of: Doosan Infracore - Okuma - Amada - Makino - Mori Seiki - Sodick - OKK - Takisawa - Hardinge - Rofin Sinar - Tong tai - Romi - Georg Fischer - Feintool - Starrag Heckert - Tornos - 600 Group - Fidia - Prima industrie - Gildemeister - Hermle - Schuler - A-TEC - Nicolas Correa

## 5.1 External Trade in Q1 2010

**Russia surpassed the USA as the second largest client country of CECIMO in the first quarter of 2010. The strong rise of Middle East countries (Iran first) needs to be noticed. 64% of CECIMO sales occurred outside of CECIMO countries in Q1 2010 (56% in the first quarter of 2009)**

		<u>in million €</u>		
2010 ranking	2009 ranking	2010 Q1	% total	Growth 10/09 (%)
1	1	446,7	30,8%	-12%
2	3	133,9	9,2%	-8%
3	2	131,0	9,0%	-32%
4	4	93,7	6,5%	-1%
5	6	70,8	4,9%	-13%
6	5	62,9	4,3%	-9%
7	7	62,8	4,3%	<u>34%</u>
8	8	36,5	2,5%	-33%
9	20	34,4	2,4%	<u>175%</u>
10	12	26,5	1,8%	<u>26%</u>
11	15	24,7	1,7%	-2%
12	9	23,4	1,6%	-26%
13	Taiwan	16,6	1,1%	-18%
14	14	14,2	1,0%	<u>2%</u>
15	South Africa	13,4	0,9%	-23%
16	Canada	13,1	0,9%	-23%
17	18	12,4	0,9%	-47%
18	16	11,5	0,8%	-56%
19	17	11,1	0,8%	-38%
20	11	10,9	0,8%	-64%
<b>Total cecimo exports</b>		<b>2.285</b>		
Total to non CECIMO countries		1.452		

source : CECIMO associations and Eurostat



## 5.1 External Trade in Q1 2010

### QUARTERLY TRADE INDICATORS

Topic: Machine Tools

Source: CECIMO Countries, Eurostat, BTS

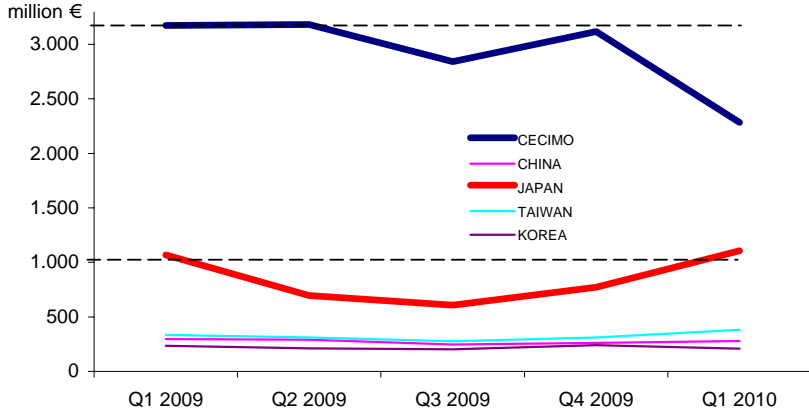
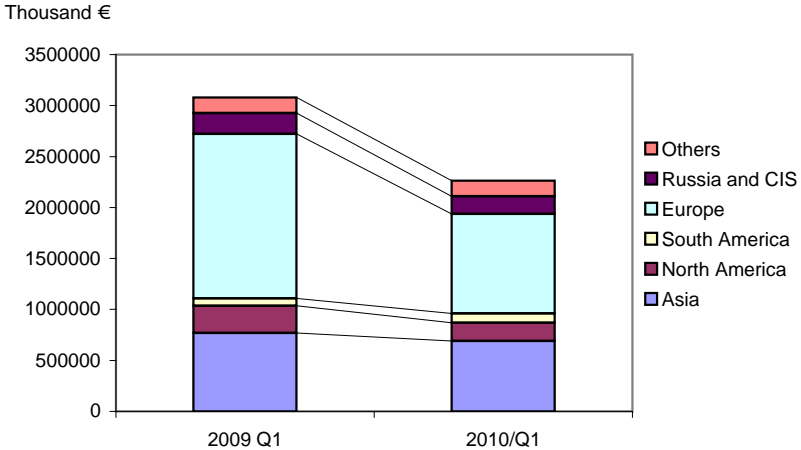
Currency: 000 €

### CECIMO

EXPORTS				IMPORTS			
	2009 Q1	2010/Q1	%09/08		2009 Q1	FY 2009	%09/08
I. ASIA	770.434	689.963	-10%	I. ASIA	495.684	253.198	-49%
II. AMERICA	336.736	270.536	-20%	II. AMERICA	113.165	61.352	-46%
North America	265.042	180.638	-32%	North America	107.051	51.005	-52%
South America	71.694	89.897	25%	South America	6.114	10.347	69%
III. EUROPE	1.612.947	975.196	-40%	III. EUROPE	1.160.059	747.539	-36%
CECIMO	1.364.541	832.866	-39%	CECIMO	1.113.089	720.107	-35%
Non CECIMO	248.407	142.330	-43%	Non CECIMO	46.971	27.432	-42%
IV. Russia + CIS	206.835	172.557	-17%	IV. Russia + CIS	5.305	2.062	-61%
V. OTHERS	153.507	155.319	1%	V. OTHERS	5.060	4.602	-9%
Maghreb	21.024	26.531	26%	Maghreb	535	617	15%
South Africa	17.454	13.419	-23%	South Africa	662	1.160	75%
Australia & NZ	25.270	24.743	-2%	Australia & NZ	1.615	1.420	-12%
Middle East	89.709	90.913	1%	Middle East	2.916	1.406	-52%
<b>TOTAL EXPORTS</b>	<b>3.120.384</b>	<b>2.284.874</b>	<b>-27%</b>	<b>TOTAL IMPORTS</b>	<b>1.790.572</b>	<b>1.079.673</b>	<b>-40%</b>

5.1 External Trade in Q1 2010

After a good end of year 2009 for CECIMO exports of machine tools and an increase of its market share, the first quarter of 2010 is disappointing with a 27% decrease over the same period last year. In the same period, Japan increased its exports by 6%, confirming the upturn since the third quarter of 2009.



Comparison of CECIMO exports per zones between 2009 and 2010

"Post-2008" quarterly exports of CECIMO & competitors

## 5.1 External Trade in Q1 2010

### QUARTERLY TRADE INDICATORS

Topic: Machine Tools

Source: CECIMO, Eurostat, BTS

Currency: 000 €

### CECIMO

#### EXPORTS

	2010/Q1	2010/Q2	2010/Q3	2010/Q4	Q1 2010	Q1 2009	%10/09
<b>I. ASIA</b>	<b>689.963</b>				<b>689.963</b>	<b>770.434</b>	<b>-10%</b>
China	435.885				<b>435.885</b>	493.562	-12%
Hong Kong	10.788				<b>10.788</b>	8.792	23%
India	93.737				<b>93.737</b>	94.270	-1%
Japan	23.356				<b>23.356</b>	31.589	-26%
S-Korea	70.828				<b>70.828</b>	81.610	-13%
Taiwan	16.605				<b>16.605</b>	20.323	-18%
Indonesia	5.349				<b>5.349</b>	3.042	76%
Malaysia	9.309				<b>9.309</b>	10.760	-13%
Philippines	705				<b>705</b>	2.573	-73%
Singapore	10.408				<b>10.408</b>	9.350	11%
Thailand	9.820				<b>9.820</b>	9.462	4%
Vietnam	3.174				<b>3.174</b>	5.099	-38%
<b>II. AMERICA</b>	<b>270.536</b>				<b>270.536</b>	<b>336.736</b>	<b>-20%</b>
Canada	13.087				<b>13.087</b>	16.966	-23%
Mexico	36.512				<b>36.512</b>	54.519	-33%
USA	131.040				<b>131.040</b>	193.556	-32%
Argentina	8.646				<b>8.646</b>	7.620	13%
Bolivia	377				<b>377</b>	521	-28%
Brazil	62.780				<b>62.780</b>	46.925	34%
Chile	2.424				<b>2.424</b>	2.709	-11%
Colombia	2.107				<b>2.107</b>	4.385	-52%
Costa Rica	352				<b>352</b>	197	78%
Cuba	698				<b>698</b>	719	-3%
Dominican Rep	567				<b>567</b>	677	-16%
Ecuador	1.193				<b>1.193</b>	370	223%
El Salvador	28				<b>28</b>	440	-94%
Guatemala	219				<b>219</b>	87	152%
Panama	51				<b>51</b>	234	-78%
Paraguay	1.031				<b>1.031</b>	58	1677%
Peru	3.642				<b>3.642</b>	3.465	5%
Uruguay	176				<b>176</b>	218	-19%
Venezuela	5.608				<b>5.608</b>	3.069	83%

#### IMPORTS

	2010/Q1	2010/Q2	2010/Q3	2010/Q4	Q1 2010	Q1 2009	%10/09
<b>I. ASIA</b>	<b>253.198</b>				<b>253.198</b>	<b>495.684</b>	<b>-49%</b>
China	54.408				<b>54.408</b>	72.022	-24%
Hong Kong	367				<b>367</b>	1.822	-80%
India	2.555				<b>2.555</b>	5.746	-56%
Japan	125.931				<b>125.931</b>	241.520	-48%
S-Korea	20.019				<b>20.019</b>	59.741	-66%
Taiwan	44.665				<b>44.665</b>	109.090	-59%
Indonesia	29				<b>29</b>		
Malaysia	238				<b>238</b>	201	18%
Philippines	3				<b>3</b>	76	-96%
Singapore	1.031				<b>1.031</b>	3.357	-69%
Thailand	3.766				<b>3.766</b>	4.396	-14%
Vietnam	185				<b>185</b>	218	-15%
<b>II. AMERICA</b>	<b>61.352</b>				<b>61.352</b>	<b>113.165</b>	<b>-46%</b>
Canada	3.015				<b>3.015</b>	30.998	-90%
Mexico	217				<b>217</b>	1.108	-80%
USA	47.774				<b>47.774</b>	74.944	-36%
Argentina	89				<b>89</b>	1.423	-94%
Bolivia							
Brazil	10.118				<b>10.118</b>	4.302	135%
Chile	3				<b>3</b>	2	36%
Colombia	30				<b>30</b>	2	1915%
Costa Rica						37	
Cuba							
Dominican Rep							
Ecuador						11	
El Salvador							
Guatemala							
Panama						103	-100%
Paraguay							
Peru						7	
Uruguay						220	
Venezuela	107				<b>107</b>	6	1687%

## 5.1 External Trade in Q1 2010

### EXPORTS

	2010/Q1	2010/Q2	2010/Q3	2010/Q4	Q1 2010	Q1 2009	%10/09
<b>III. EUROPE</b>	<b>975.196</b>				<b>975.196</b>	<b>1.612.947</b>	<b>-40%</b>
Austria	63.089				<b>63.089</b>	91.964	-31%
Belgium	37.521				<b>37.521</b>	55.858	-33%
Denmark	11.732				<b>11.732</b>	26.127	-55%
Finland	14.112				<b>14.112</b>	35.450	-60%
France	104.914				<b>104.914</b>	167.790	-37%
Germany	214.070				<b>214.070</b>	395.630	-46%
Greece	10.406				<b>10.406</b>	10.040	4%
Ireland	6.559				<b>6.559</b>	6.623	-1%
Italy	82.399				<b>82.399</b>	137.007	-40%
Luxemburg	2.904				<b>2.904</b>	3.109	-7%
Netherlands	40.276				<b>40.276</b>	51.977	-23%
Portugal	14.423				<b>14.423</b>	21.780	-34%
Spain	38.985				<b>38.985</b>	66.199	-41%
Sweden	26.928				<b>26.928</b>	66.295	-59%
UK	51.523				<b>51.523</b>	70.145	-27%
Iceland	397				<b>397</b>	763	-48%
Liechtenstein	893				<b>893</b>	9.042	-90%
Norway	8.573				<b>8.573</b>	20.448	-58%
Switzerland	55.057				<b>55.057</b>	88.909	-38%
Albania	425				<b>425</b>	558	-24%
Bosnia-Herz.	1.058				<b>1.058</b>	4.370	-76%
Bulgaria	2.001				<b>2.001</b>	9.844	-80%
Croatia	3.563				<b>3.563</b>	8.980	-60%
Czech Republic	25.041				<b>25.041</b>	43.903	-43%
Estonia	888				<b>888</b>	3.343	-73%
Hungary	10.894				<b>10.894</b>	30.526	-64%
Kosovo	58				<b>58</b>	205	-72%
Latvia	842				<b>842</b>	801	5%
Lithuania	723				<b>723</b>	2.665	-73%
Macedonia	651				<b>651</b>	637	2%
Montenegro	4.244				<b>4.244</b>	10	41637%
Poland	62.942				<b>62.942</b>	69.489	-9%
Romania	9.922				<b>9.922</b>	21.975	-55%
Serbia	6.877				<b>6.877</b>	4.580	50%
Slovakia	9.818				<b>9.818</b>	30.915	-68%
Slovenia	9.720				<b>9.720</b>	17.104	-43%
Turkey	52.795				<b>52.795</b>	45.507	16%

### IMPORTS

	2010/Q1	2010/Q2	2010/Q3	2010/Q4	Q1 2010	Q1 2009	%10/09
<b>III. EUROPE</b>	<b>747.539</b>				<b>747.539</b>	<b>1.160.059</b>	<b>-36%</b>
Austria	47.508				<b>47.508</b>	56.893	-16%
Belgium	29.126				<b>29.126</b>	50.639	-42%
Denmark	4.370				<b>4.370</b>	4.753	-8%
Finland	6.141				<b>6.141</b>	12.752	-52%
France	34.060				<b>34.060</b>	41.831	-19%
Germany	236.608				<b>236.608</b>	335.069	-29%
Greece	610				<b>610</b>	645	-5%
Ireland	340				<b>340</b>	2.334	-85%
Italy	118.674				<b>118.674</b>	195.313	-39%
Luxemburg	357				<b>357</b>	287	24%
Netherlands	22.157				<b>22.157</b>	21.780	2%
Portugal	2.621				<b>2.621</b>	3.011	-13%
Spain	30.720				<b>30.720</b>	65.180	-53%
Sweden	11.794				<b>11.794</b>	11.105	6%
UK	19.148				<b>19.148</b>	42.863	-55%
Iceland						1.793	-100%
Liechtenstein	9				<b>9</b>	4.538	-100%
Norway	2.280				<b>2.280</b>	3.300	-31%
Switzerland	111.212				<b>111.212</b>	192.249	-42%
Albania	331				<b>331</b>	85	290%
Bosnia-Herz.	71				<b>71</b>	150	-52%
Bulgaria	1.484				<b>1.484</b>	2.750	-46%
Croatia	1.903				<b>1.903</b>	6.909	-72%
Czech Republic	31.500				<b>31.500</b>	57.166	-45%
Estonia	309				<b>309</b>	89	245%
Hungary	1.153				<b>1.153</b>	727	59%
Kosovo	0				<b>0</b>	403	
Latvia	12				<b>12</b>		
Lithuania	113				<b>113</b>	26	329%
Macedonia	2				<b>2</b>		
Montenegro							
Poland	6.919				<b>6.919</b>	20.328	-66%
Romania	3.627				<b>3.627</b>	4.062	-11%
Serbia	1.275				<b>1.275</b>	483	164%
Slovakia	3.510				<b>3.510</b>	8.974	-61%
Slovenia	3.127				<b>3.127</b>	2.429	29%
Turkey	14.469				<b>14.469</b>	22.485	-36%

## 5.1 External Trade in Q1 2010

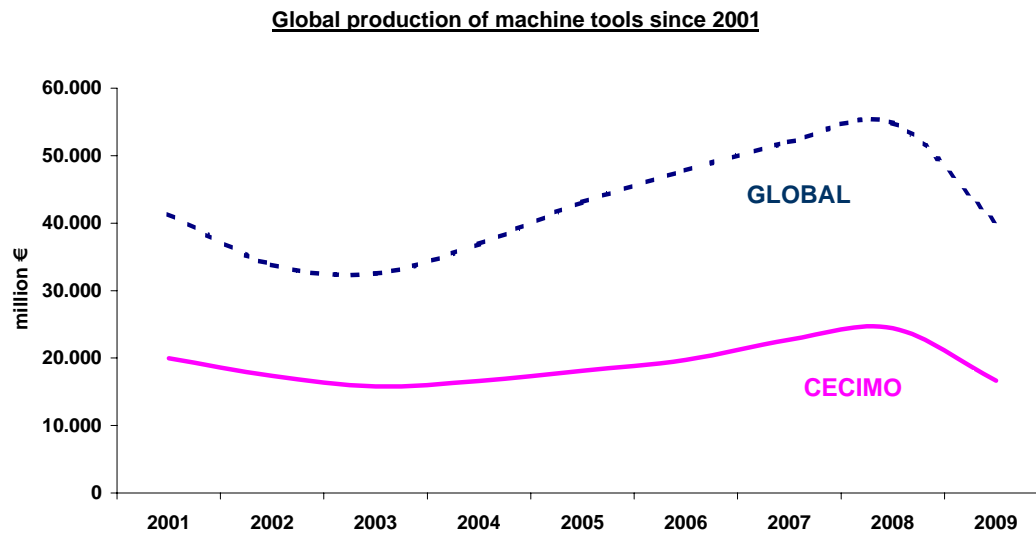
### EXPORTS

	2010/Q1	2010/Q2	2010/Q3	2010/Q4	Q1 2010	Q1 2009	%10/09
<b>IV. Russia + CIS</b>	<b>172.557</b>				<b>172.557</b>	206.835	-17%
Armenia	101				<b>101</b>	13.175	-99%
Azerbaijan	2.367				<b>2.367</b>	4.864	-51%
Belarus	10.875				<b>10.875</b>	20.283	-46%
Georgia	8.978				<b>8.978</b>	109	8115%
Kazakhstan	4.321				<b>4.321</b>	3.419	26%
Krgyzstan	68				<b>68</b>	91	-25%
Moldova	33				<b>33</b>	4.387	-99%
Russia	133.940				<b>133.940</b>	145.558	-8%
Tajikistan	3				<b>3</b>	8	-56%
Turkmenistan	323				<b>323</b>	281	15%
Ukraine	11.473				<b>11.473</b>	25.959	-56%
Uzbekistan	73				<b>73</b>	1.709	-96%
<b>V. OTHERS</b>	<b>155.319</b>				<b>155.319</b>	153.507	1%
Algeria	10.560				<b>10.560</b>	5.659	87%
Lybia	1.441				<b>1.441</b>	1.388	4%
Morocco	8.898				<b>8.898</b>	7.742	15%
Tunisia	5.633				<b>5.633</b>	6.235	-10%
S-Africa	13.419				<b>13.419</b>	17.454	-23%
Australia	22.243				<b>22.243</b>	23.689	-6%
New Zealand	2.500				<b>2.500</b>	1.582	58%
Bahrain	303				<b>303</b>	846	-64%
Egypt	11.089				<b>11.089</b>	17.760	-38%
Iraq	4.086				<b>4.086</b>	3.270	25%
Iran	34.419				<b>34.419</b>	12.509	175%
Israel	4.831				<b>4.831</b>	6.437	-25%
Jordan	995				<b>995</b>	658	51%
Kuwait	306				<b>306</b>	1.433	-79%
Oman	2.817				<b>2.817</b>	1.488	89%
Qatar	3.780				<b>3.780</b>	4.980	-24%
Saudi-Arabia	12.433				<b>12.433</b>	23.512	-47%
Syria	1.517				<b>1.517</b>	1.203	26%
UAE	14.234				<b>14.234</b>	14.017	2%
Yemen	102				<b>102</b>	1.598	-94%
<b>VI. ROW</b>	<b>22.280</b>				<b>22.280</b>	45.563	-13%
<b>TOTAL EXPORTS</b>	<b>2.284.874</b>				<b>2.284.874</b>	3.120.384	-27%

### IMPORTS

	2010/Q1	2010/Q2	2010/Q3	2010/Q4	Q1 2010	Q1 2009	%10/09
<b>IV. Russia + CIS</b>	<b>2.062</b>				<b>2.062</b>	5.305	-61%
Armenia							
Azerbaijan	263				<b>263</b>	474	-44%
Belarus	46				<b>46</b>	310	-85%
Georgia							
Kazakhstan						3	-100%
Krgyzstan							
Moldova						407	-100%
Russia	1.478				<b>1.478</b>	3.485	-58%
Tajikistan							
Turkmenistan							
Ukraine	274				<b>274</b>	630	-57%
Uzbekistan							
<b>V. OTHERS</b>	<b>4.602</b>				<b>4.602</b>	5.060	-9%
Algeria						28	
Lybia	32				<b>32</b>	1	3531%
Morocco	515				<b>515</b>	27	1815%
Tunisia	70				<b>70</b>	479	-85%
S-Africa	1.160				<b>1.160</b>	662	75%
Australia	1.415				<b>1.415</b>	1.518	-7%
New Zealand	5				<b>5</b>	97	-95%
Bahrain							
Egypt	32				<b>32</b>	661	-95%
Iraq							
Iran	89				<b>89</b>	228	-61%
Israel	681				<b>681</b>	1.307	-48%
Jordan							
Kuwait	77				<b>77</b>		
Oman							
Qatar	2				<b>2</b>		
Saudi-Arabia	113				<b>113</b>	43	165%
Syria	3				<b>3</b>	12	-77%
UAE	409				<b>409</b>	657	-38%
Yemen						9	
<b>VI. ROW</b>	<b>11.258</b>				<b>11.258</b>	26.905	-58%
<b>TOTAL IMPORTS</b>	<b>1.079.673</b>				<b>1.079.673</b>	1.790.572	-40%

## 5.2 CECIMO and Global Production since 2001



	2009		2009/2008
	% share	Mio. €	Mio. €
<b>CECIMO</b>	<b>42%</b>	<b>16.637</b>	<b>-32%</b>
China(1)	27,0%	10.753	13%
Japan	12,7%	5.086	-47%
South Korea	4,8%	1.910	-36%
Taiwan	4,3%	1.734	-47%
USA	4,2%	1.666	-37%
Brazil(2)	1,9%	754	-14%
Canada(3)	0,8%	310	-29%
India	0,5%	192	-31%
Poland(4)	0,6%	235	6%
Russia	0,6%	231	-20%
Australia	0,2%	97	7%
Others	0,7%	293	-27%
<b>TOTAL</b>	<b>100%</b>	<b>39.898</b>	<b>-27%</b>

(1) source Gardner (maybe overvalued because of the likely reckoning of very small valued machines that CECIMO does not take into account in its own statistics)

(2) source Gardner based on the 2008 figures (with application of the 2009 exchange rate)

(3) source Gardner but rough estimate based on fragmentory reports

(4) recalculated with consumption (OE) plus exports (Eurostat) less imports (Eurostat)