

## IHS MARKIT EUROPE SECTOR PMI®

### Downturn in autos sector continues to ease in October

#### KEY FINDINGS

New orders in autos & parts sector fall at slowest pace since November 2018

Stocks of finished autos & parts decline at strongest rate in nearly ten years

Banks lead European business activity rankings

European Sector PMI® indices are compiled from responses to IHS Markit's European PMI surveys, covering over 8,000 private sector companies in 11 countries. Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

October data signalled that the downturn in the European **automobiles & parts** sector continued to ease. New orders fell at the slowest rate in 11 months, and stocks of finished goods declined at the fastest pace in nearly a decade. The ratio of the two indices rose sharply, pointing to a possible stabilisation of production in the coming months. That said, output registered the fastest decline of all sectors during October, as did employment.

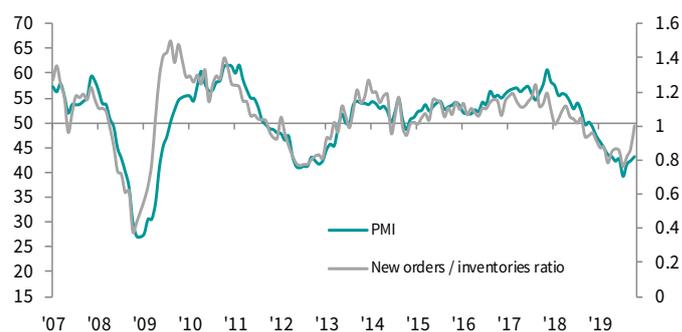
Manufacturing in general continued to struggle in October, with strong declines seen in **metals & mining, forestry & paper products, industrial goods** and **chemicals**. Among the pure manufacturing sectors, only **food & drink** registered growth of output in October.

The European **banking** sector registered the strongest growth of all categories in October. This continued a strong trend over 2019 so far, with banks third in the year-to-date rankings behind **software & services** and food & drink respectively. That said, new business growth at banks weakened in the latest period.

Europe Automobiles & Auto Parts

PMI, sa, >50 = improvement since previous month

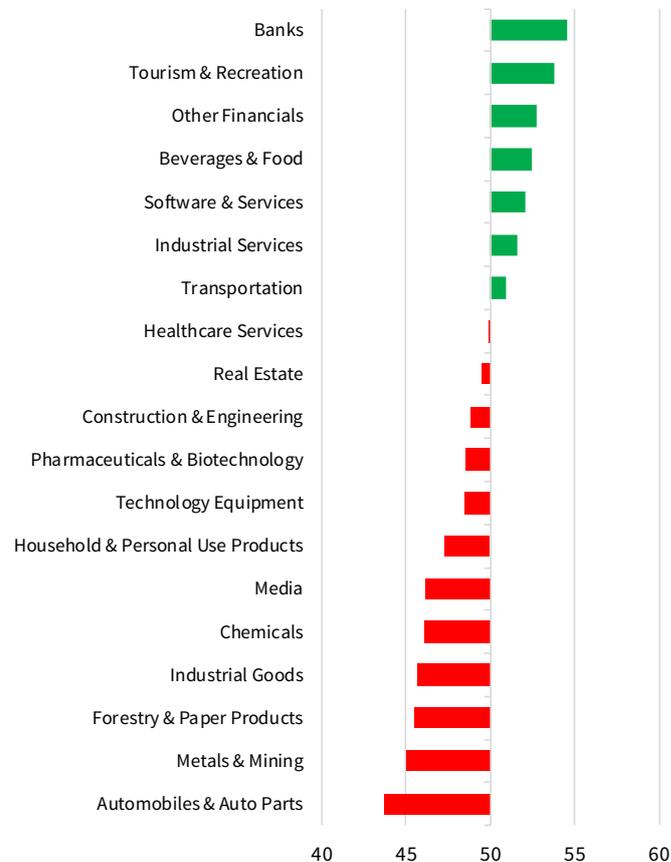
New orders to inventories ratio\*



Source: IHS Markit. \*New Orders Index divided by Stocks of Finished Goods Index.

Output Index, Oct '19

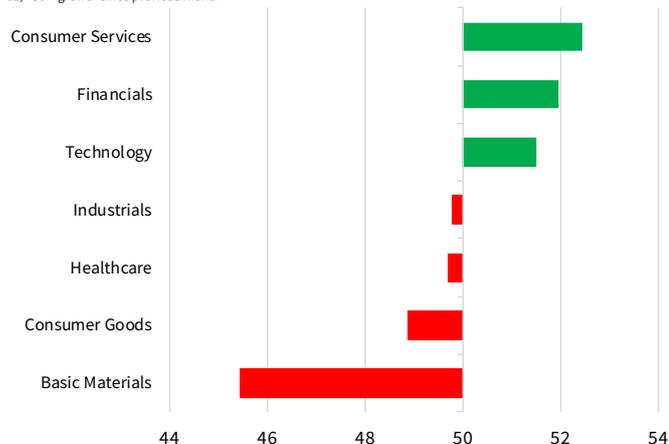
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index, Oct '19

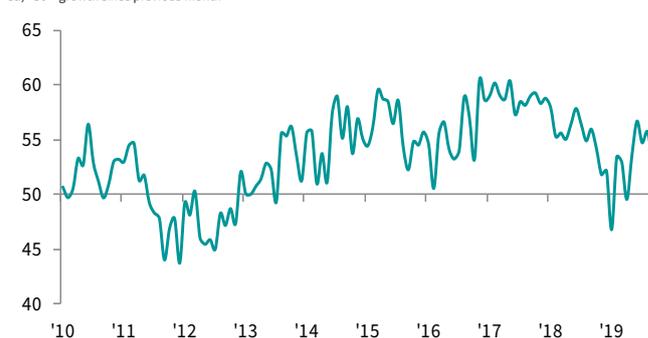
sa, >50 = growth since previous month



Source: IHS Markit.

Europe Banks Business Activity Index

sa, >50 = growth since previous month



Source: IHS Markit.

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Methodology

The IHS Markit Europe Sector PMI® indices are compiled by IHS Markit from responses to questionnaires sent to purchasing managers in IHS Markit's European PMI survey panels, covering over 8,000 private sector companies in Germany, UK, France, Italy, Spain, Netherlands, Austria, Greece, Ireland, Poland and the Czech Republic.

IHS Markit maps individual company responses to industry sectors according to standard industry classification (SIC) codes. Europe Sector PMI indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. Survey responses are weighted by country of origin, based on sectoral gross value added. A diffusion index is calculated for each survey variable. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

For manufacturing sectors, the headline figure is the Purchasing Managers' Index® (PMI). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

For services sectors, or sectors covering both manufacturing and services, the headline figure is the Business Activity Index. This is a diffusion index calculated from a question that asks for changes in the volume of business activity or output compared with one month previously.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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About PMI

Purchasing Managers' Index® (PMI®) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. To learn more go to [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).

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