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IHS Markit Europe Sector PMI®

Technology Equipment posts record output growth in June to move top of European sector rankings

Key findings

Technology Equipment ends Machinery & Equipment's five-month reign at top of table

Tourism & Recreation rockets off bottom of table with record expansion in activity

Transportation and Industrial Services are highest-ranked service sectors in joint-fifth place

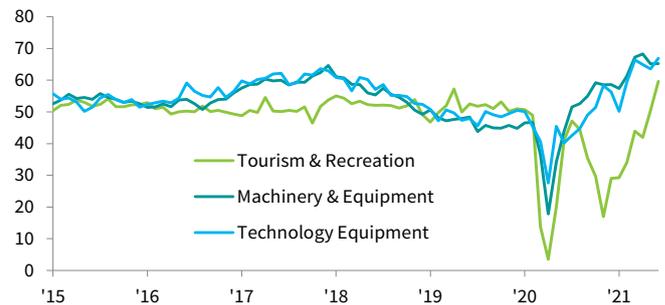
The latest Europe Sector PMI® data from IHS Markit revealed broad-based growth of output and new business for the second straight month in June. Moreover, all 20 sectors registered higher employment for the first time since June 2018. Manufacturing sectors continued to dominate the growth rankings, but a number of services sectors improved their positions in June, notably Tourism & Recreation and Transportation.

Technology Equipment registered the strongest rate of growth in output since data were first compiled in January 1998. This took it above Machinery & Equipment to the top of the European sector growth table, ending a five-month period where the latter had led the rankings. That said, growth in Machinery & Equipment remained strong overall, the joint-third highest in the series history. Forestry & Paper Products rose seven rankings to third with a series-record rate of growth.

The other sector to post a record rate of expansion in business activity was Tourism & Recreation. The sector leapt 12 places to eighth in June, following a nine-month stint at the foot of the European sector rankings. New business also increased at the fastest rate in the 23-year series history, and employment rose for the first time since January 2020. Tourism & Recreation also registered the strongest 12-month outlook of all sectors in June, with sentiment the second-highest on record. Transportation also improved in June, with the strongest growth in activity since December 2006. This moved it up to fifth in the overall rankings.

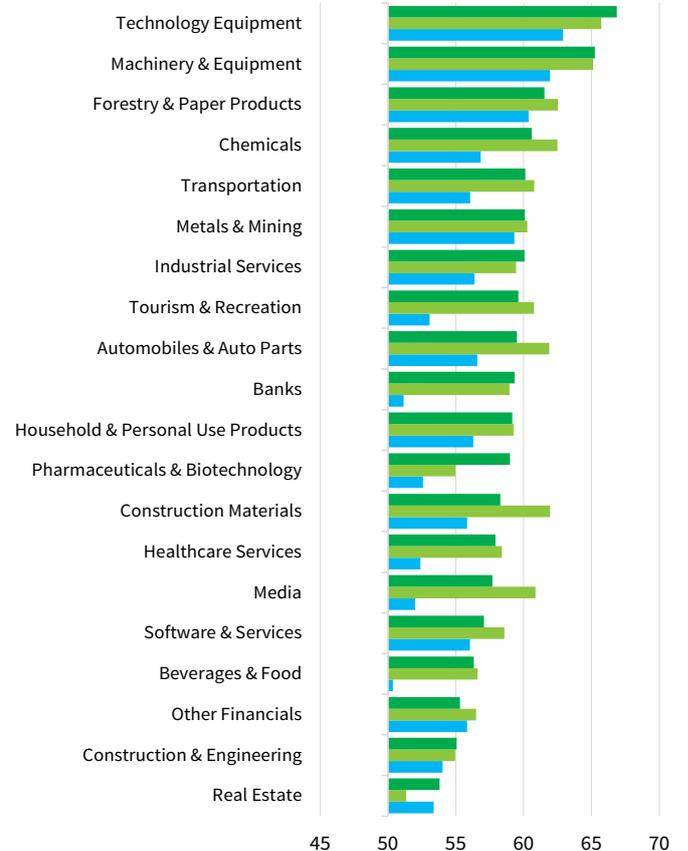
Eight sectors posted record rates of input price inflation in June, led by Automobiles & Auto Parts and Machinery & Equipment. Moreover, 11 sectors registered unprecedented output price inflation, led by Forestry & Paper Products and Chemicals.

Europe Output Index
sa, >50 = growth since previous month



Source: IHS Markit.

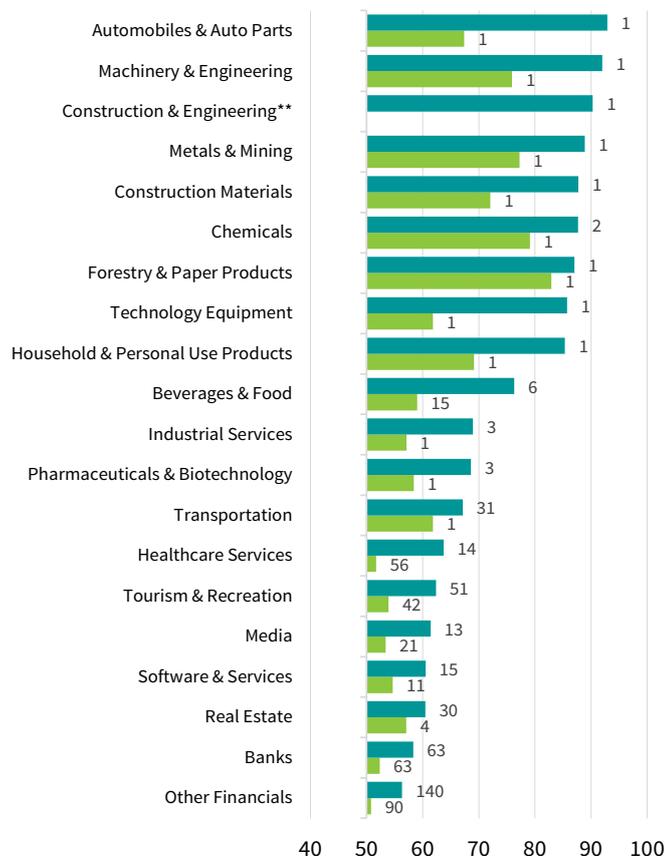
Output Index ■ / New Orders Index ■ / Employment Index ■, Jun '21
sa, >50 = growth since previous month



Source: IHS Markit.

Input Prices Index / Output Prices Index, Jun '21

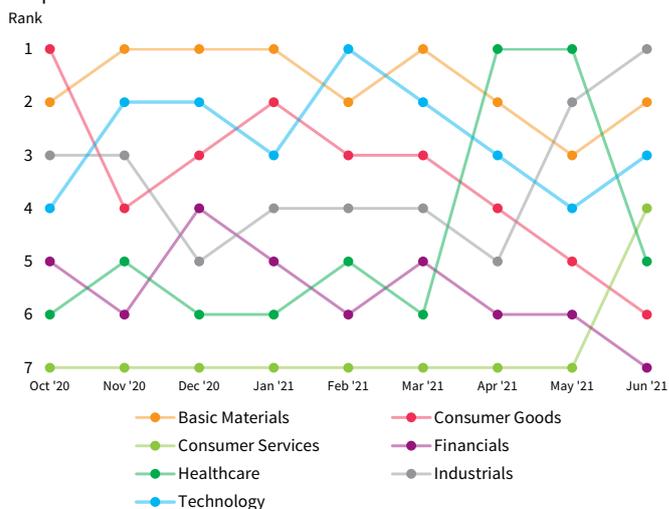
sa, >50 = inflation since previous month. Number shows series historical rank since Jan '98*.



Source: IHS Markit.

*Output Prices Index in manufacturing sectors started in Jan '03. **Output Prices Index not available for Construction & Engineering.

Output Index



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.

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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.

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