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IHS MARKIT EUROPE SECTOR PMI®

Has the European auto sector slump bottomed out?

KEY FINDINGS

New orders at European autos & parts firms decline at weakest rate in seven months

Beverages & food is only pure manufacturing sector to record higher output in September

Software & services is fastest-growing sector, despite posting weakest expansion in six months

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.

September PMI data for detailed sectors underlined the contrasting trends between manufacturing and services in the European economy. All manufacturing categories except **beverages & food** registered lower output in September (**pharmaceuticals & biotechnology** expanded but is part-services).

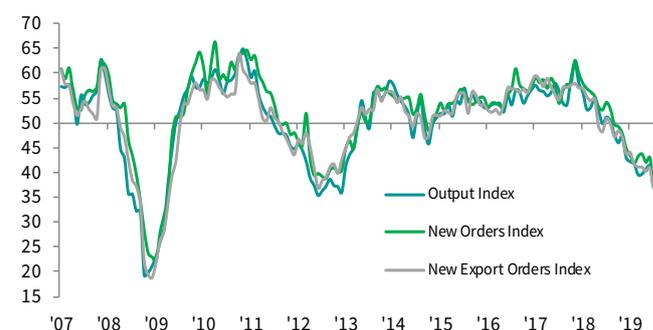
The fastest-growing areas of the services economy included **software & services**, **banks** and **other financials**, the latter encompassing consumer financial services, investment services and specialised finance. That said, software & services posted the slowest expansion in six months. **Media**, **healthcare services** and **real estate** remained weak points in the service sector.

Metals & mining and **automobiles & auto parts** continued to record the steepest declines in output of all sectors monitored in September. That said, the latter showed further signs that the worst of the downturn had passed. Output, new orders and exports* fell at the slowest rates in three, seven and eight months respectively. Less positively, employment was cut at the fastest rate since June 2009.

*Including intra-European trade.

Europe Automobiles & Auto Parts PMI

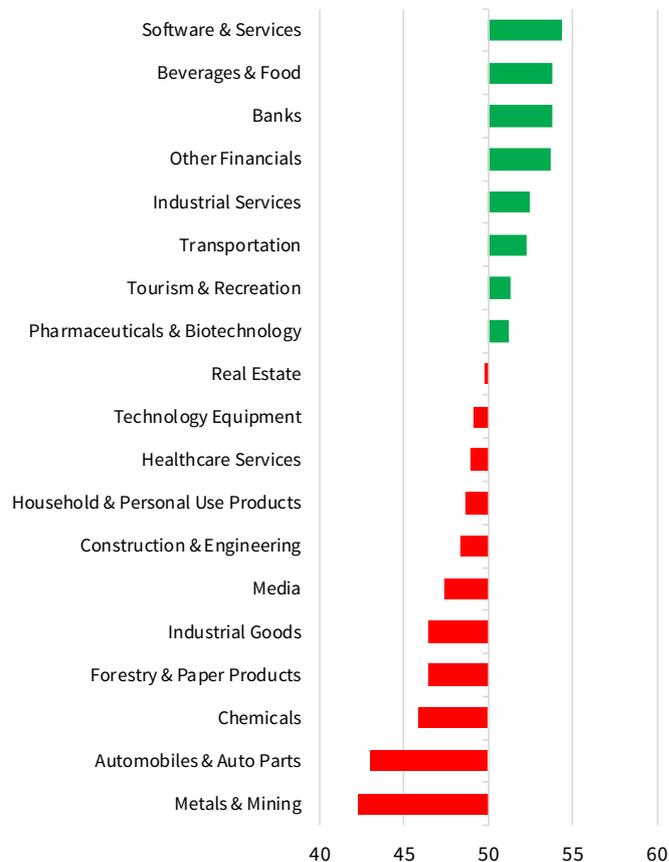
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index, Sep '19

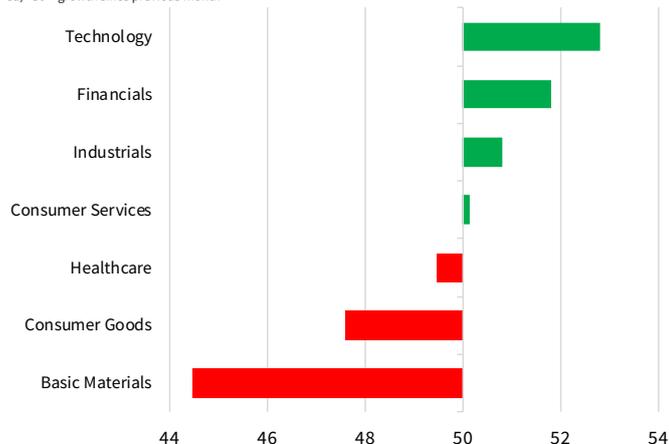
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index, Sep '19

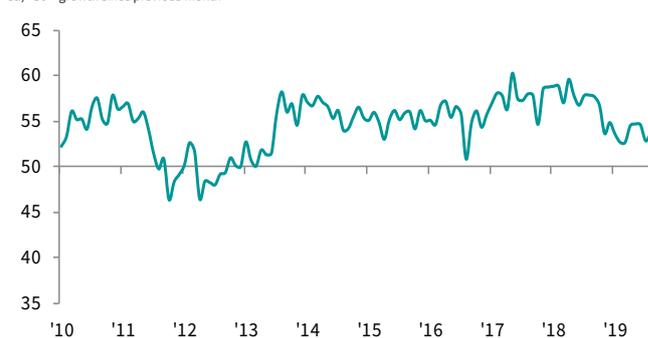
sa, >50 = growth since previous month



Source: IHS Markit.

Europe Technology Output 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, 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. To learn more go to ihsmarkit.com/products/pmi.html.

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