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IHS MARKIT EUROPE SECTOR PMI®

Sharpest drop in European autos & parts output for over six years

KEY FINDINGS

Downturn in autos sector deepens

Nine other sectors record falling output in January

First decline in banking activity since November 2012

European Sector PMI® indices are compiled from responses to questionnaires sent to purchasing managers in IHS Markit's European PMI survey panels, 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.

The downturn in the European **autos & parts** sector worsened in January. Output fell for the fourth month running, and at the strongest pace since December 2012. New orders dropped at the sharpest rate in six years and firms cut jobs for the fourth time in five months.

Nine other sectors registered falling business activity at the start of 2019. Of these, **banks** posted the first contraction since November 2012. With activity also falling in **real estate** and **other financials** – overall **financials** activity fell for the first time in nearly six years, and at the strongest rate since April 2012.

Meanwhile, **basic materials** output declined at the fastest rate in just over four years, reflecting a broad-based contraction across its three constituent sectors – **chemicals**, **metals & mining** and **forestry & paper products**.

Software & services recorded the strongest growth in January, albeit at a rate that was below the trends shown for both 2017 and 2018. The non-cyclical **beverages & food** sector posted the second-fastest increase in output.

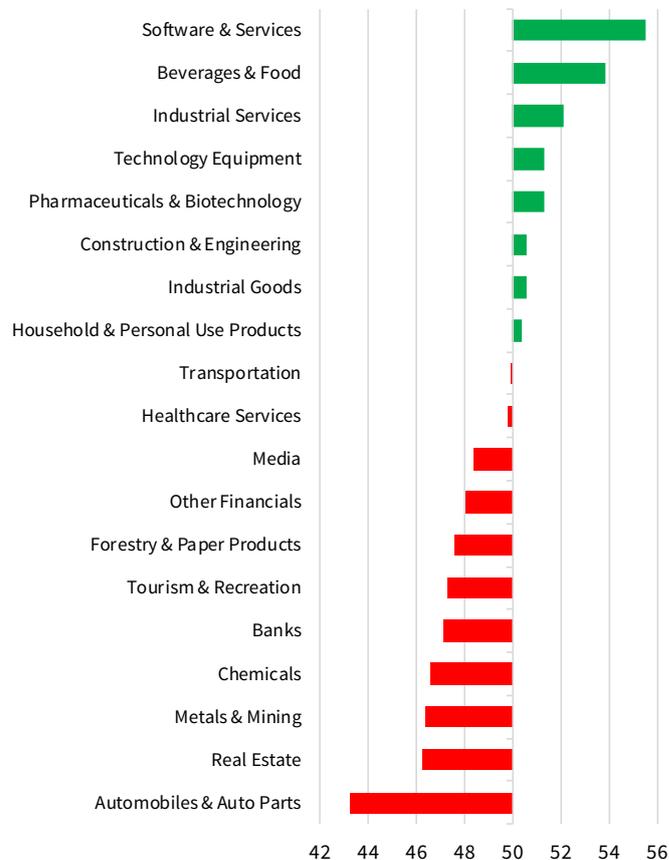
Europe Automobiles & Parts Output Index

sa, >50 = growth since previous month



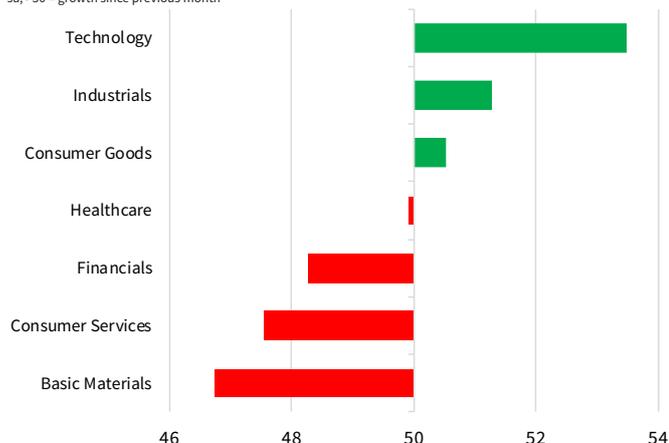
Output Index, Jan '19

sa, >50 = growth since previous month



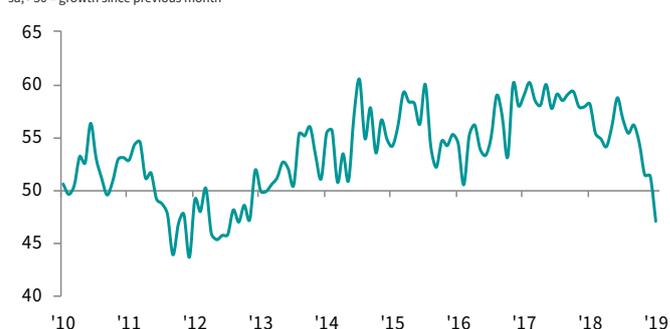
Output Index, Jan '19

sa, >50 = growth since previous month



Europe Banks Business Activity Index

sa, >50 = growth since previous month



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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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