

IHS MARKIT EUROPE SECTOR PMI®

European banks continue strong end to 2019

KEY FINDINGS

Banks maintain top spot in sector rankings for third straight month in December

Software & services and food & drink continue strong 2019 performances

Decline in autos output accelerates for first time since July

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.

European **banks** ended 2019 with a flourish, topping the region's sector growth rankings for the third straight month with one of the fastest increases in activity for two years. Strong expansions were also seen in **software & services** and **food & drink**. These three sectors also registered the sharpest growth during 2019 as a whole, albeit in different positions with software first, food second and banks third.

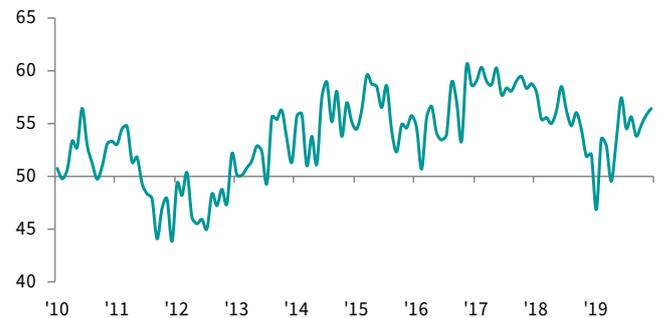
Technology equipment saw a return to growth in December, helping the broad **technology** (including software) sector achieve the fastest expansion of the year. Technology topped the broad sector rankings nine times in 2019, losing out only to **financials** in February, March and July.

The bottom end of the European sector league table told a similar story in terms of December performance versus 2019 trends. The bottom-six sectors in the final month of the year also fared the worst in terms of annual performance.

Forestry & paper products recorded the fastest drop in output in December, while **automobiles & auto parts** registered the sharpest decline over the year as a whole. Moreover, the latter registered a faster drop in output in December, following a four-month period where the rate of decline had continually eased.

Europe Banks Business Activity Index

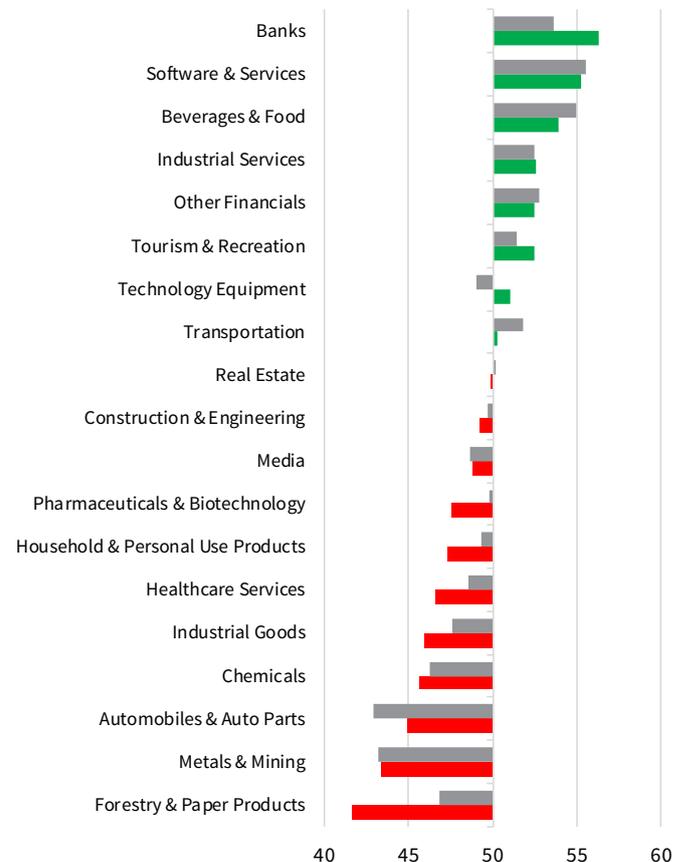
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index, Dec '19 (■) / 2019 (■)

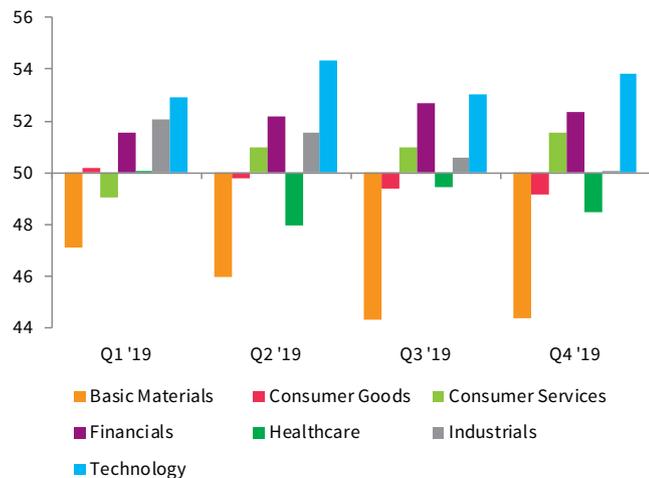
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index

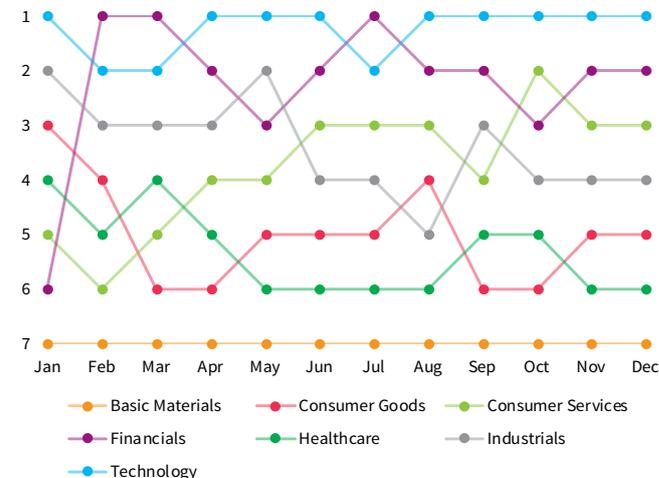
sa, >50 = growth since previous month (quarterly average)



Source: IHS Markit.

Broad sector ranking by month, 2019

Output Index rank



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. To learn more go to ihsmarkit.com/products/pmi.html.

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