

IHS Markit Europe Sector PMI®

Autos and tourism & recreation encapsulate two-speed European economy in October

Key findings

Fastest rise in autos & parts production since series began in 1998

Strongest fall in tourism & recreation activity since May

Gap between top- and bottom-ranked sectors largest on record

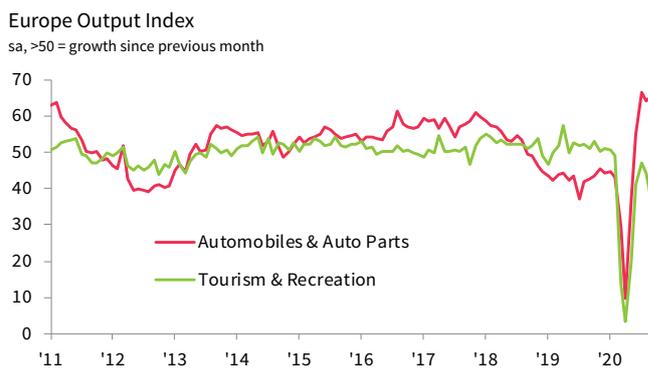
The latest detailed European sector PMI® data indicated a continued strong rebound in output in a number of manufacturing sectors in October, especially in automobiles & auto parts where a series-record expansion was recorded. Less positively, tourism & recreation registered the fastest rate of decline since May.

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.

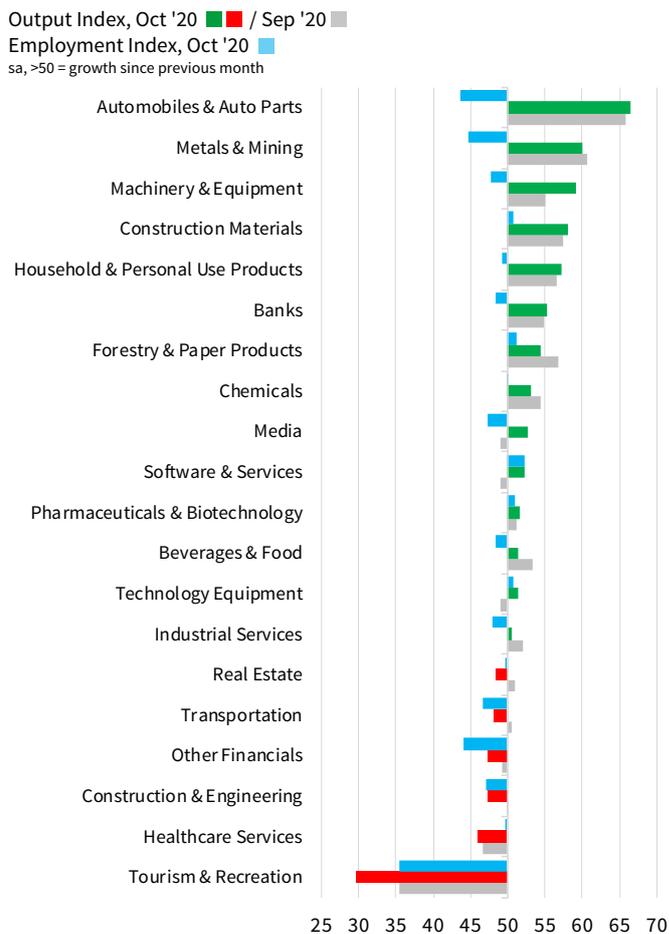
Output in the **automobiles & auto parts** sector (output index: 66.5) rose at the fastest rate since the series began in January 1998. Moreover, stocks of finished goods fell at one of the strongest rates on record and new orders rose rapidly, pointing to further gains in production in the coming months. Backlogs and purchasing activity increased markedly during the month, although employment fell sharply.

At the other end of the European sector league table, **tourism & recreation** (29.7) registered the fastest drop in activity since May. The same trends were evident for new business, outstanding business and employment.

Underlining the divergent output trends emerging in the European economy at the start of the fourth quarter, the gap between the top- and bottom-ranked sector output indices was, at 36.8 points, the largest ever recorded. Since March, this gap has averaged 27.9 points, greater than the pre-coronavirus record of 26.9 points set in January 2009.



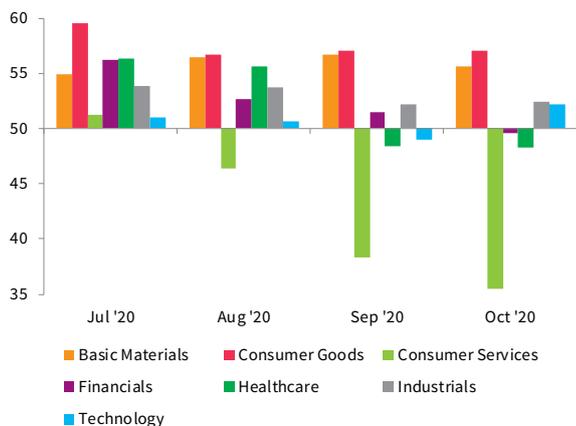
Source: IHS Markit.



Source: IHS Markit.

Output Index

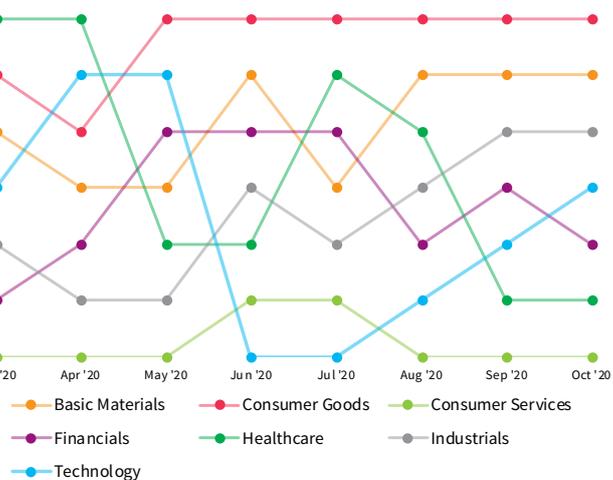
sa, >50 = growth since previous month



Source: IHS Markit.

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 IHS Markit

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.

ihsmarkit.com/products/pmi.html

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