

IHS MARKIT EUROPE SECTOR PMI®

Surging pharmaceuticals output and supply chain pressures highlight impact of coronavirus outbreak on European sectors

KEY FINDINGS

Strongest growth of European pharmaceuticals & biotech sector since April 2001

Tourism & recreation contracts while transportation stalls

Suppliers' delivery times lengthen markedly in manufacturing sectors, most notably autos

Although headline manufacturing and services PMI data for many European nations have so far shown limited initial disruption from the Covid-19 outbreak in February, region-wide data have revealed impacts on business activity and supply chains across a range of sectors.

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.

The European **pharmaceuticals & biotechnology** sector recorded a surge in output in February. The Output Index was the highest since April 2001, signalling rapid growth. Meanwhile, the **tourism & recreation** sector posted the first drop in activity since January 2019, while **transportation** activity stalled as new business declined for the first time in six-and-a-half years.

In manufacturing, **automobiles & auto parts** output declined at the fastest rate in five months, reflecting both weak demand and supply chain disruption. Suppliers' delivery times lengthened markedly for the first time in a year, despite a further marked drop in the volume of inputs purchased. The month-on-month drop in the Suppliers' Delivery Times Index was the greatest recorded since May 2009. **Technology equipment, industrial goods** and **basic materials** also recorded longer input delivery times in February, ending prior sequences of improving vendor performance.

Europe Pharmaceuticals & Biotechnology Output Index

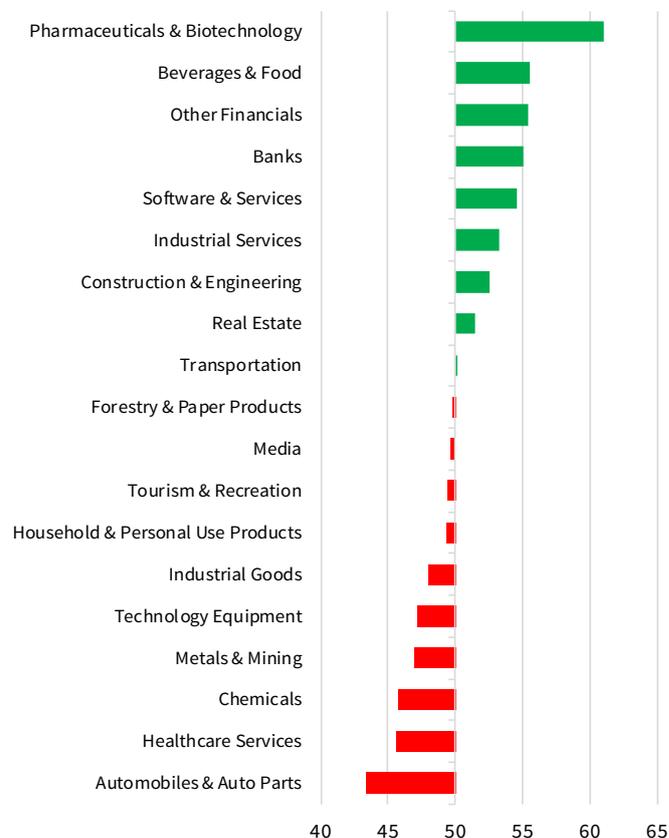
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index, Feb '20

sa, >50 = growth since previous month

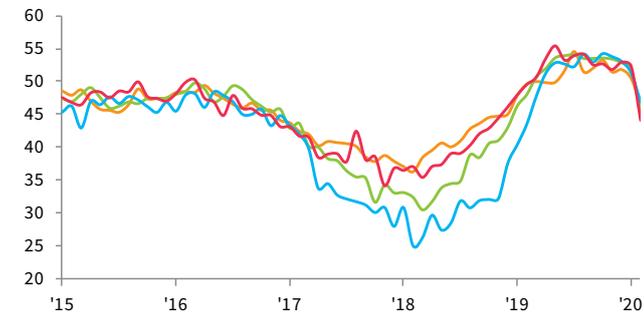


Source: IHS Markit.

Suppliers' Delivery Times Index

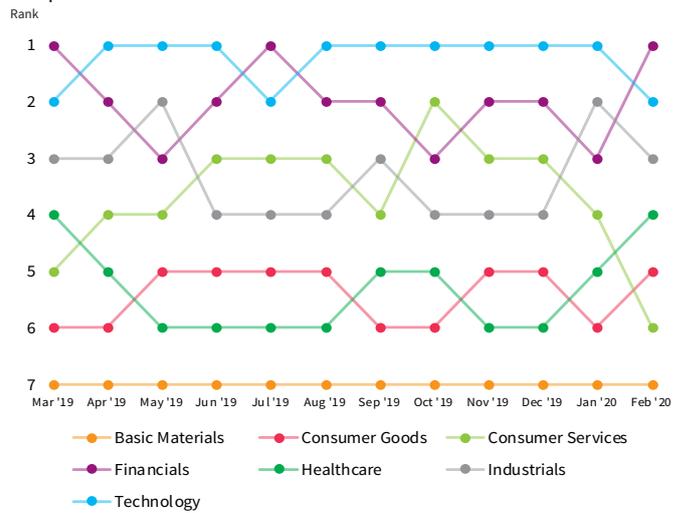
Technology Equipment / Automobiles & Auto Parts
Industrial Goods / Basic Materials

sa, >50 = faster times since previous month



Source: IHS Markit.

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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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.
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