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# IHS Markit Europe Sector PMI®

## Record growth in Tourism & Recreation activity in August amid wider slowdown

### Key findings

Rate of expansion in Tourism & Recreation sets new record high for third straight month

Most sectors register slower gains in output than in July

Notable slowdown in input price inflation across Basic Materials group of sectors

The latest Europe Sector PMI® data from IHS Markit revealed growth of output in 19 out of 20 monitored sectors in August, following universal growth throughout the previous three months. All sectors except Construction Materials posted higher activity, while all except Real Estate and Other Financials recorded growth in new business. All 20 sectors registered higher employment for the third month running.

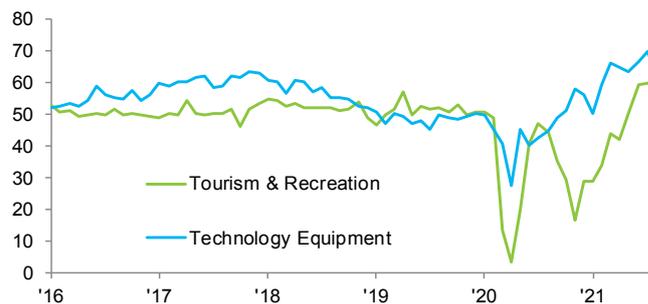
The strongest rates of growth in output were registered in Machinery & Equipment and Technology Equipment, despite both easing to six-month lows. These sectors also registered the fastest increases in new orders and employment.

In third place in the growth table was Tourism & Recreation, which posted a series-record expansion for the third straight month and its second-highest ranking among the European sectors since the series began in 1998. Growth of new business was marked overall but eased to a three-month low.

Besides Tourism & Recreation, the only sectors to record faster growth in August were Beverages & Food (11th) and Real Estate (16th), although Construction Materials was the only sector to record a decline in output. The most notable slowdowns in growth compared with July were seen in Technology Equipment, Healthcare Services, Software & Services and Transportation.

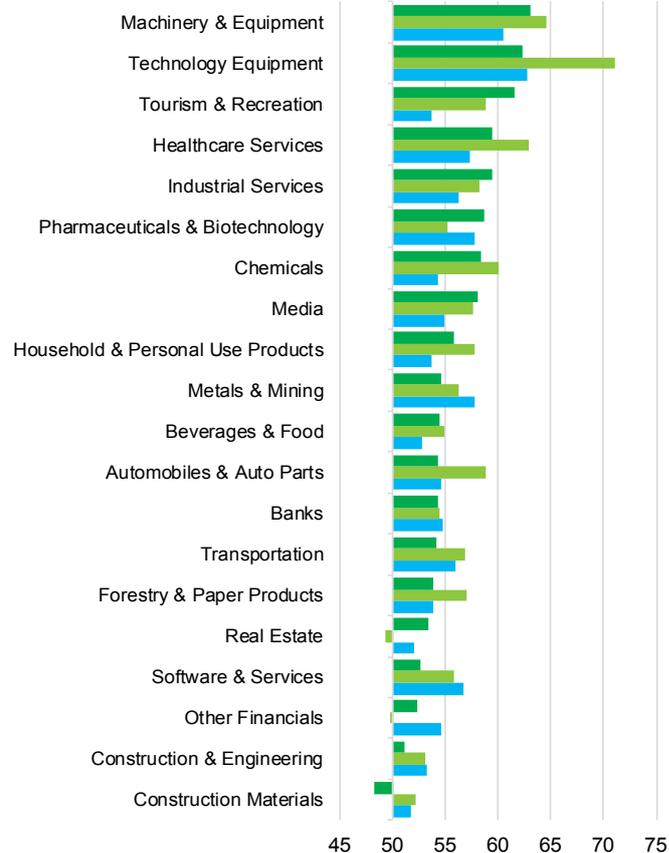
Input price inflation remained historically strong across all sectors monitored in August. The sharpest rates of inflation were registered in Technology Equipment (a record high) and Automobiles & Auto Parts, and the weakest in Other Financials and Banks. That said, 12 sectors registered slower rates of inflation than in July, with the most notable moderations seen in the three constituents of the Basic Materials group: Metals & Mining, Chemicals and Forestry & Paper Products.

Europe Sector PMI Business Activity Index  
sa, >50 = growth since previous month



Source: IHS Markit.

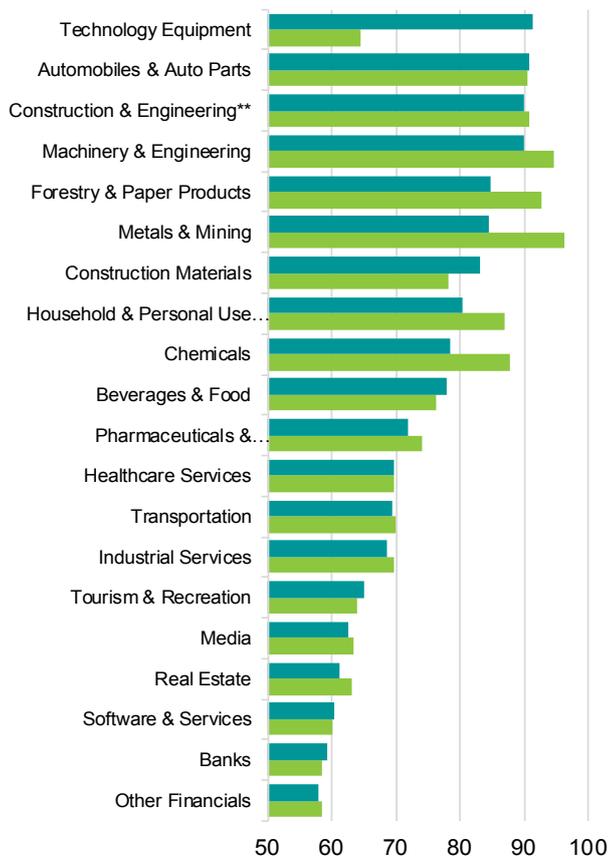
Output Index ■ / New Orders Index ■ / Employment Index ■, Aug '21  
sa, >50 = growth since previous month



Source: IHS Markit.

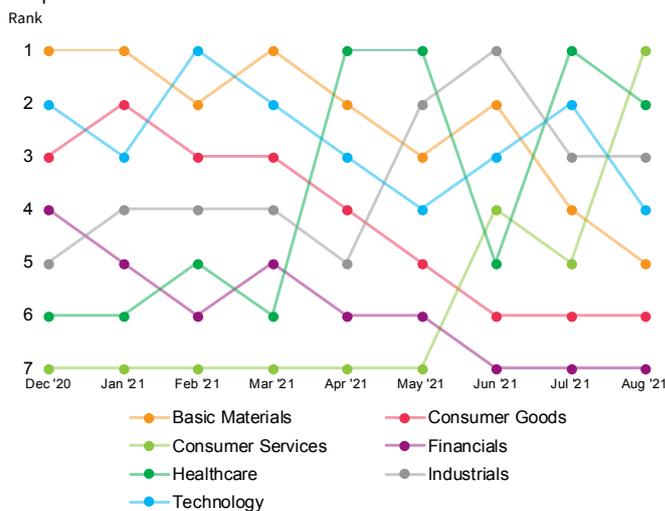
Input Prices Index ■ Aug '21 / ■ Jul '21

sa, >50 = inflation 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](mailto: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.

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