

# News Release

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## IHS MARKIT EUROPE SECTOR PMI®

### All sectors remain deep in contraction in May, but almost all see slower rates of decline

#### KEY FINDINGS

Most output indices recover some ground from April's record lows, but still indicate steep declines

Tourism & recreation and transportation continue to record sharpest falls in activity

Nine sectors confident regarding 12-month outlook for business activity

With European national lockdowns to limit the spread of the coronavirus disease 2019 (COVID-19) pandemic only beginning to be eased in May, the latest sector PMI® data indicated further severe declines in activity across the board. That said, rates of contraction all eased from April records except for **pharmaceuticals & biotechnology**, which posted a series-record drop in 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.

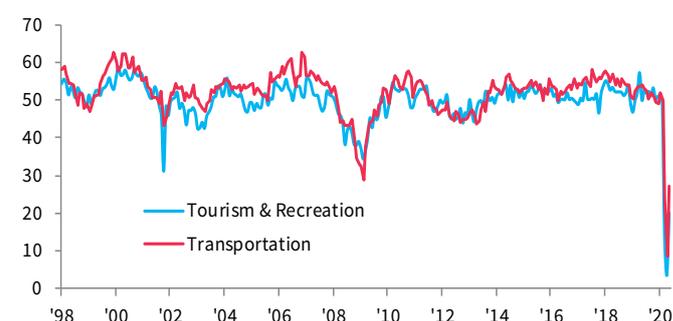
The fastest declines in activity in May were again seen in **tourism & recreation** and **transportation**. Both Business Activity Indexes rose sharply from April's single-digit figures, however, indicating slower rates of decline. **Technology equipment** registered the slowest fall in output, topping the rankings for the first time since July 2018.

All sectors recorded falling employment for the first time since November 2009. That said, rates of job shedding eased everywhere except in **pharmaceuticals & biotechnology** - where a decline followed growth in April - and **healthcare services** - which posted a record fall in May.

Looking ahead 12 months, only nine European sectors expect growth of output: **beverages & food, media, banks, other financials, pharmaceuticals & biotechnology, construction materials, transportation, technology equipment** and **software & services**.

Business Activity Index

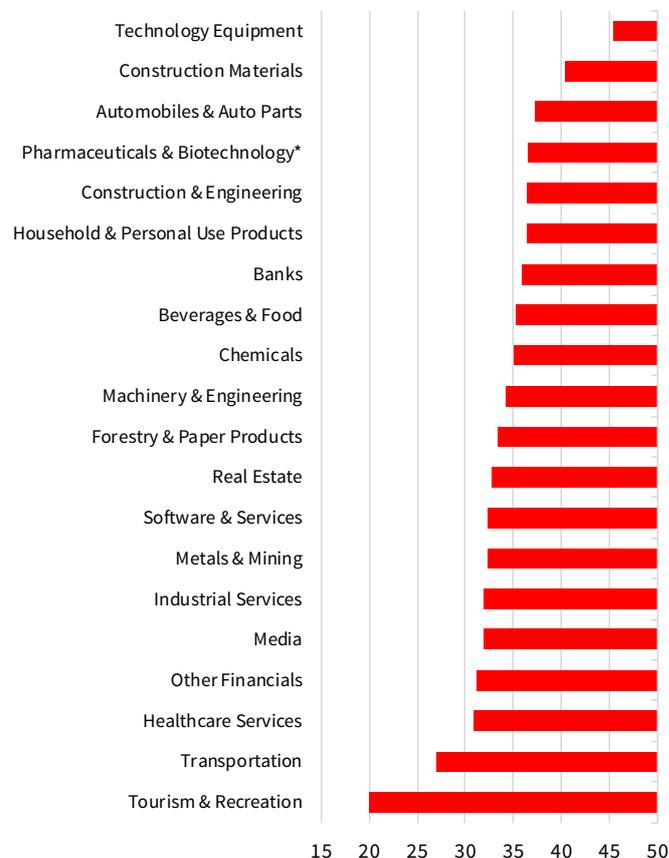
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index, May '20

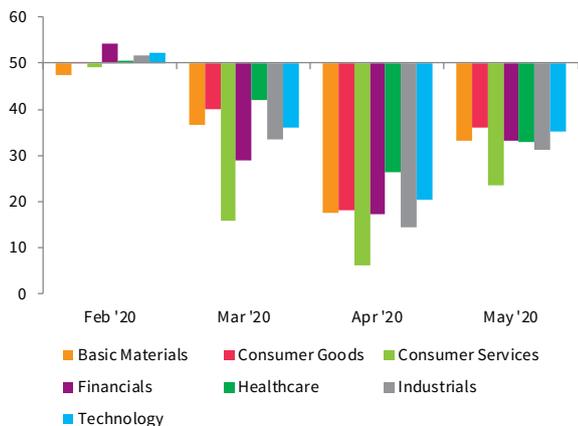
sa, >50 = growth since previous month. \* = record low since Jan '98.



Source: IHS Markit.

### Output Index

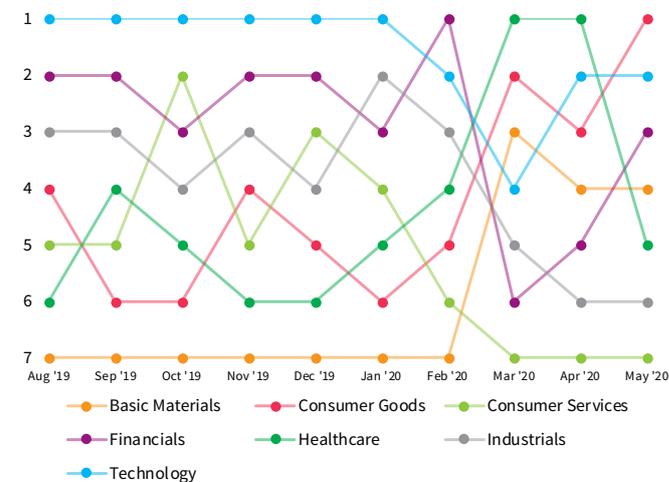
sa, >50 = growth since previous month



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](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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