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## IHS MARKIT EUROPE SECTOR PMI®

### Downturn in European autos & parts sector deepens in February

#### KEY FINDINGS

Sharper declines in auto output, new orders and exports

More sectors experience falling output than growth

Finance-related sectors rebound following weak January

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 output of **autos & parts** declined for the fifth month running in February. Moreover, the pace of contraction was the sharpest since December 2012, and the fastest of all sectors monitored. Similarly, both total new orders – domestic and export – and new export contracts also declined at the sharpest rates in around six years.

In total, 11 sectors registered lower output in February, compared with eight that recorded expansion. Of those in contraction, seven were in manufacturing, while the remainder were all located in the **consumer services** and **healthcare** segments.

Of the growth areas, all were services-related except for **beverages & food** – the fastest-growing sector – and **construction & engineering**. **Software & services** and **industrial services** both registered solid rates of expansion. All three sectors in the broad **financials** group – **banks**, **real estate** and **other financials** – posted renewed increases in business activity in February, most notably banking. Overall financials activity increased at the fastest rate in four months, and it was the top-ranked among seven broad industry groups monitored.

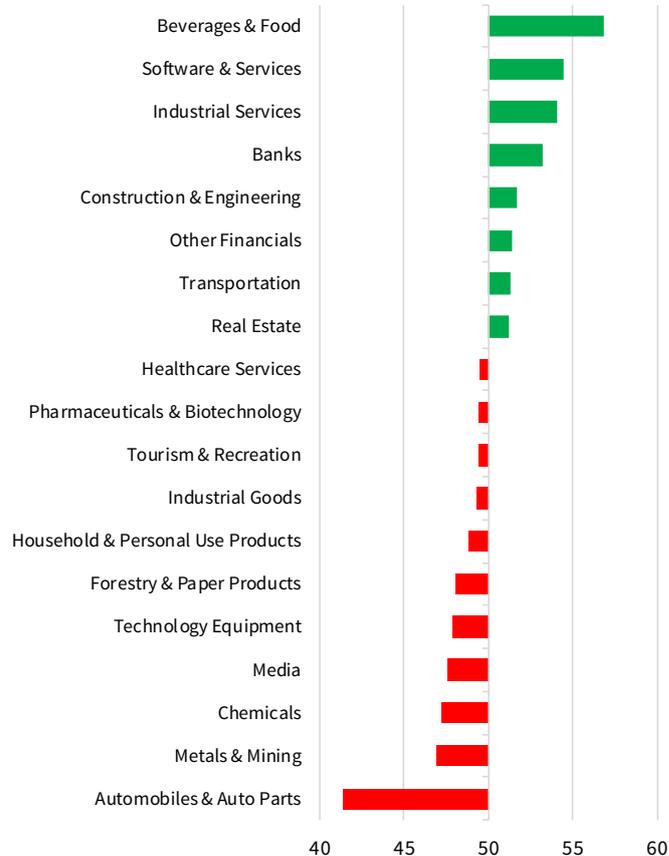
Europe Automobiles & Parts Output Index

sa, >50 = growth since previous month



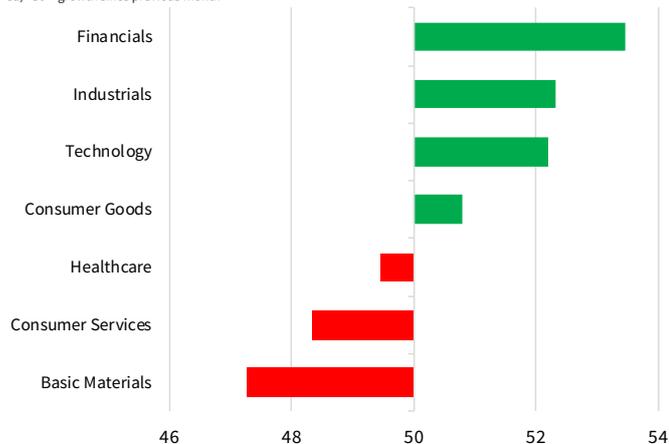
Output Index, Feb '19

sa, >50 = growth since previous month



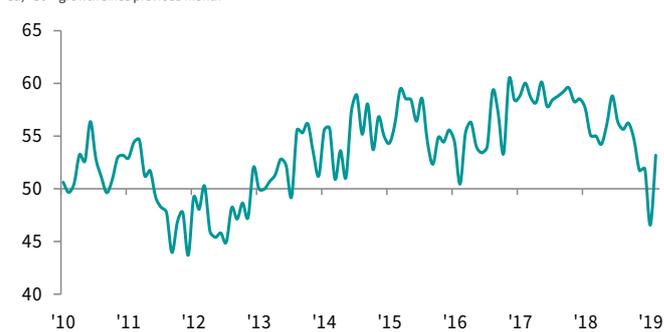
Output Index, Feb '19

sa, >50 = growth since previous month



Europe Banks Business Activity Index

sa, >50 = growth since previous month



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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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