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IHS MARKIT EUROPE SECTOR PMI®

Strongest drop in European autos output since March 2013

KEY FINDINGS

European auto exports drop for sixth consecutive month

Five other sectors register falling business activity

Pharmaceuticals & biotechnology remains strongest-growing sector

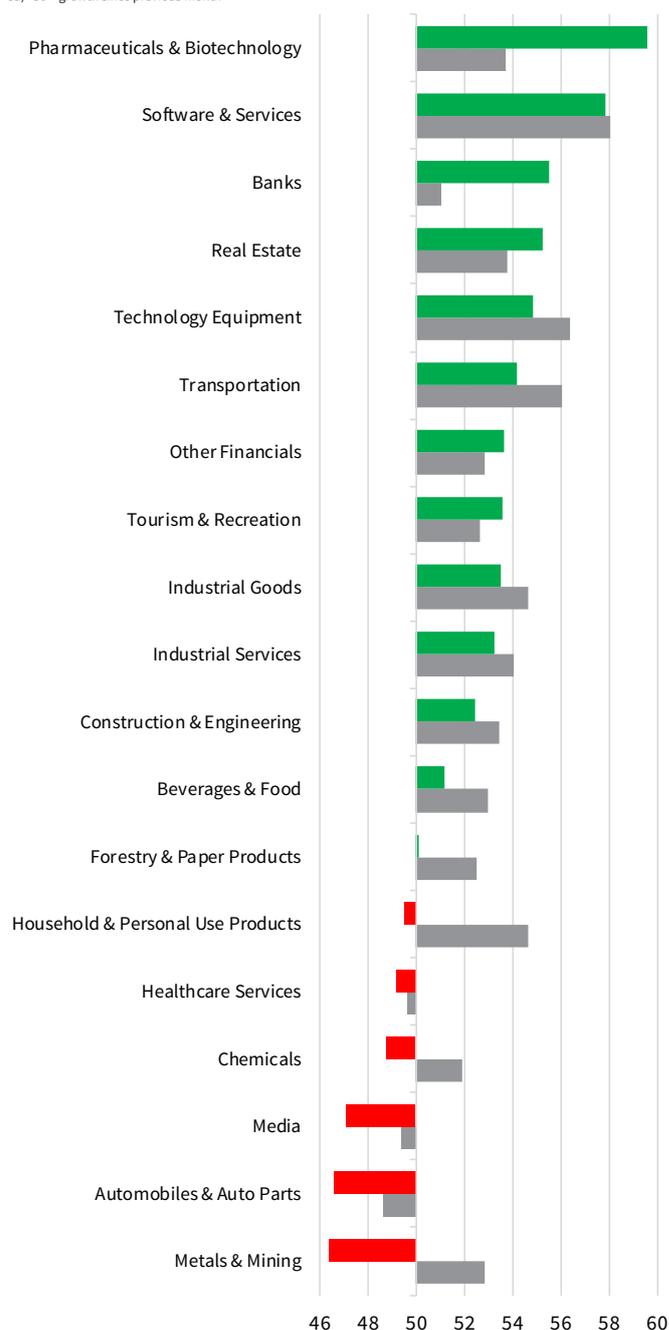
European Sector PMI® indices are compiled from responses to questionnaires sent to purchasing managers in IHS Markit's European PMI survey panels, covering over 8,000 private sector companies in 11 countries. Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

The European **automobiles & auto parts** sector suffered the strongest decline in output since March 2013 in October. New orders declined at the fastest rate in four years, and new export business (including intra-European trade) contracted for the sixth successive month. Furthermore, makers of autos and auto parts shed staff and cut purchases of new inputs for the second month running. Compounding the difficulties the sector faced, input prices increased at the fastest rate in seven months.

Five other European sectors posted falling output in October, most notably **metals & mining** and **media**, with the former seeing the steepest decline in nearly four years. **Chemicals** production fell for the first time in over three years.

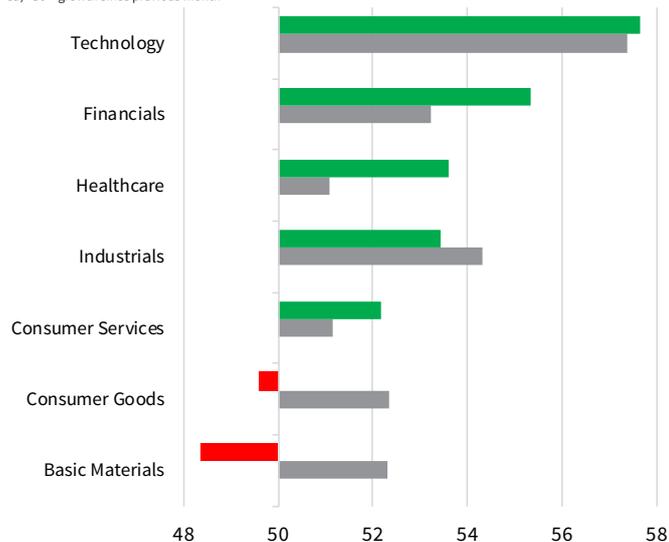
Pharmaceuticals & biotechnology remained the leading European sector in terms of output growth in October. Meanwhile, **software & services** registered the second-strongest rate of expansion of all sectors, and the fastest increase in employment. **Banks** completed the podium for activity growth, but registered only a marginal rise in staffing.

Output Index / Employment Index, Oct '18
sa, >50 = growth since previous month



Output Index / Employment Index, Oct '18

sa, >50 = growth since previous month



Europe Automobiles & Auto Parts Output 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.

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