

## IHS MARKIT EUROPE SECTOR PMI®

### European autos output declines at fastest rate since March 2009

#### KEY FINDINGS

Marked and accelerated falls in autos output, new orders, exports and employment in July

Seven other sectors register lower output

Non-cyclical food & drink sector tops growth rankings

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.

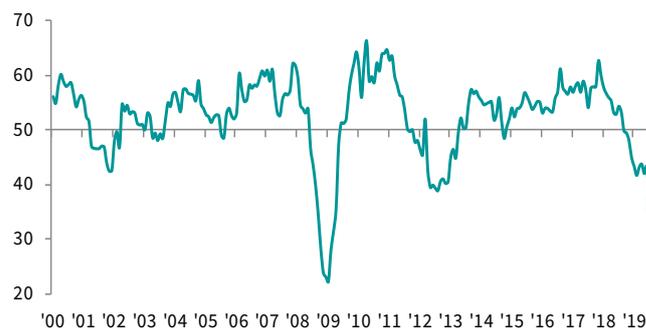
July data signalled a worsening downturn in the European **automobiles & auto parts** sector. Output fell at the sharpest rate since the depths of the global financial crisis, and rapid declines were also indicated for new orders, exports, employment, backlogs of work and purchasing activity. The 12-month outlook for production was the weakest since the future output series began in mid-2012. Providing some respite to firms in the sector was a sharp decline in input prices.

July data revealed declining production in all other areas of manufacturing except **pharmaceuticals & biotechnology** and the non-cyclical **beverages & food** sector. This category was top of the European sector growth rankings in July, as **software & services** slipped to second place. Strong rates of decline were indicated in **metals & mining, chemicals, industrial goods, technology equipment** and **forestry & paper products**.

Broad-based growth was indicated in the **financials** group. **Other financials** and **banks** occupied third and fourth spot in the table respectively, while **real estate** activity rose at a modest pace.

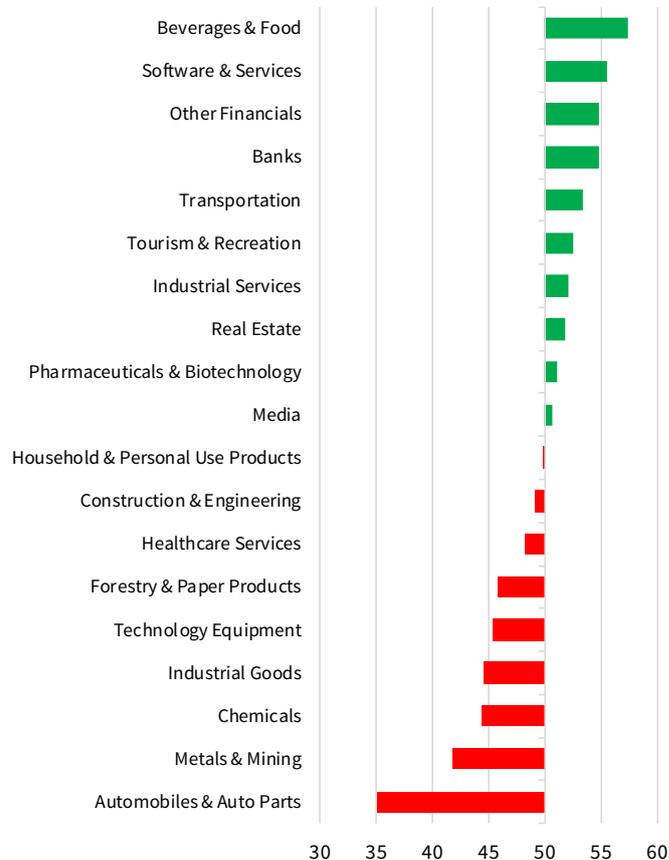
Europe Automobiles & Parts Output Index

sa, >50 = growth since previous month



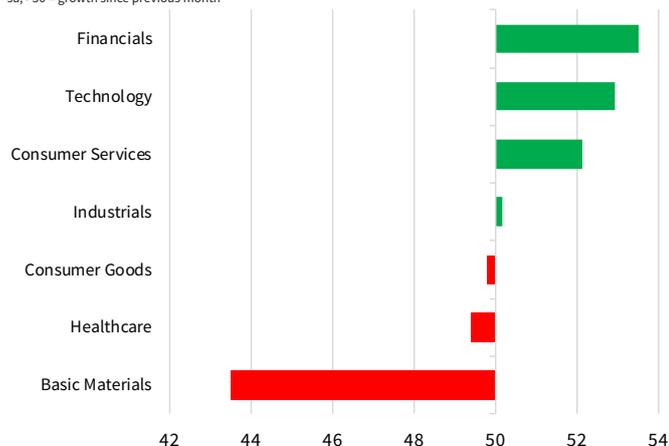
Output Index, Jul '19

sa, >50 = growth since previous month



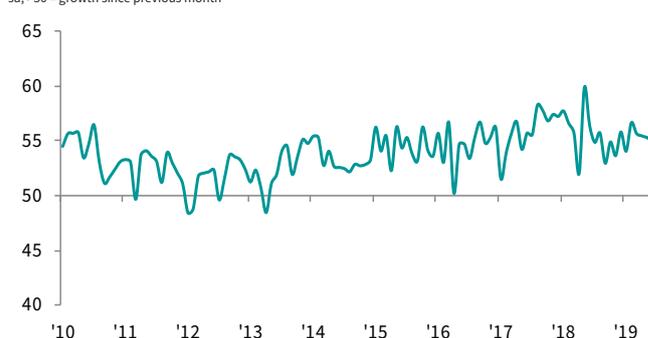
Output Index, Jul '19

sa, >50 = growth since previous month



Europe Beverages & Food 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](mailto:economics@ihsmarkit.com).

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