

Embargoed until 0930 UK (0830 UTC) 9 September 2019

IHS MARKIT EUROPE SECTOR PMI®

European auto sector downturn eases in August

KEY FINDINGS

Chemicals and industrial goods also record slower declines in production

Strong growth in food & drink, banking and software

Metals & mining output continues to contract sharply

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.

August data marked contrasting trends across many sectors of the European economy. Five manufacturing categories registered notable contractions in output, led by **metals & mining** and **automobiles & auto parts**. That said, the latter recorded a weaker decline than in July, as did **chemicals** and **industrial goods**.

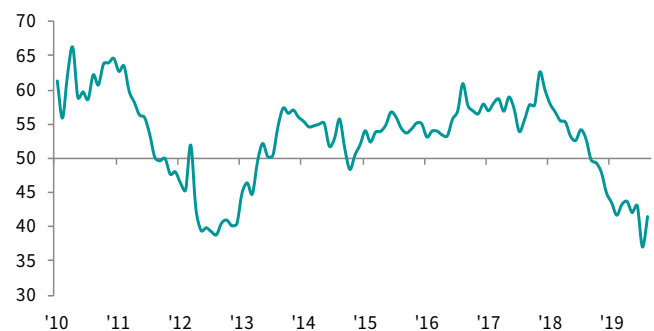
On the other hand, contractions accelerated in metals & mining, **forestry & paper products** and **construction & engineering**, while three sectors – **media**, **real estate** and **pharmaceuticals & biotechnology** – posted renewed falls in activity following growth in July.

Beverages & food, **software & services** and **banks** remained first, second and third in the sector output growth rankings in August, as was the case in July. These three categories have also registered the strongest growth on average over 2019 so far.

At the broad level, **technology** and **financials** were the fastest-growing sectors in August, and also over the first eight months of 2019 on average. At the other end of the scale, **basic materials** registered another sharp drop in output in August.

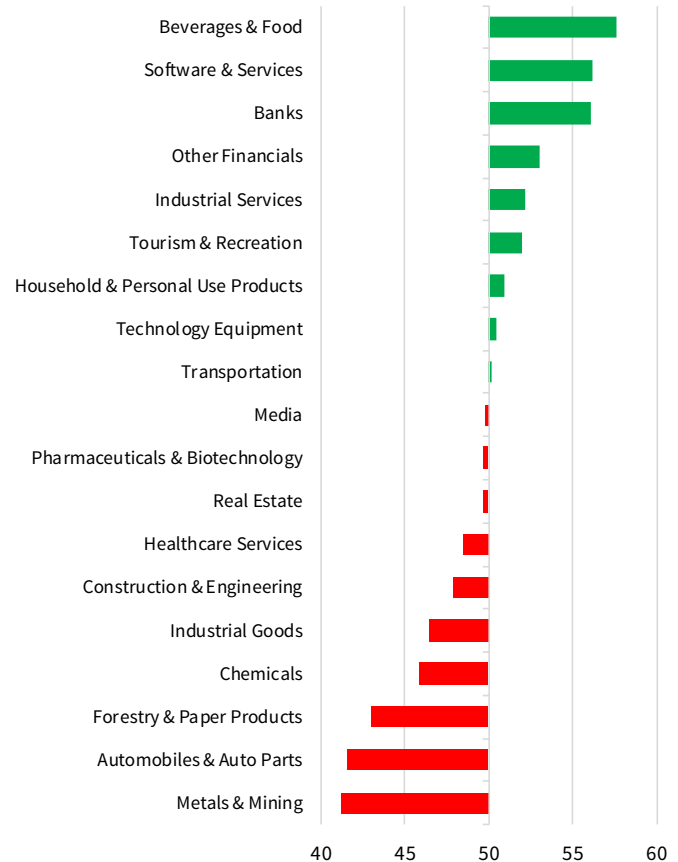
Europe Automobiles & Parts Output Index

sa, >50 = growth since previous month



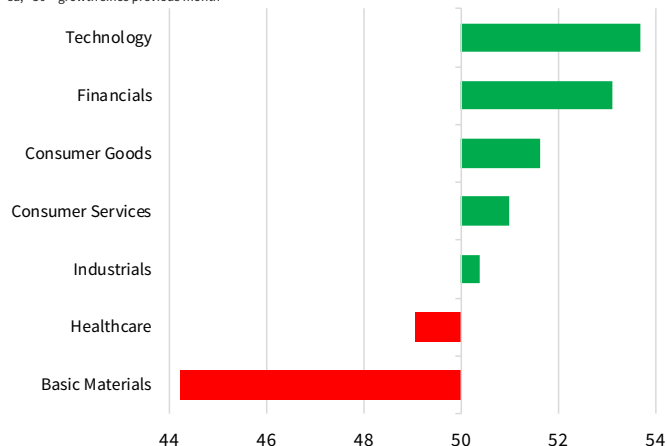
Output Index, Aug '19

sa, >50 = growth since previous month



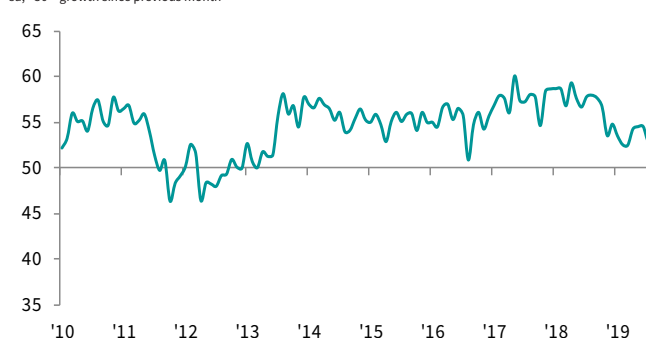
Output Index, Aug '19

sa, >50 = growth since previous month



Europe Technology 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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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. To learn more go to ihsmarkit.com/products/pmi.html.

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