

IHS Markit Europe Sector PMI®

Sharp fall in Tourism & Recreation activity as Omicron wave hits

Key findings

Tourism & Recreation activity and new business both decline sharply in December

Consumer Services is worst-performing broad sector for first time since last May

Automobiles & Auto Parts production and new orders stabilise

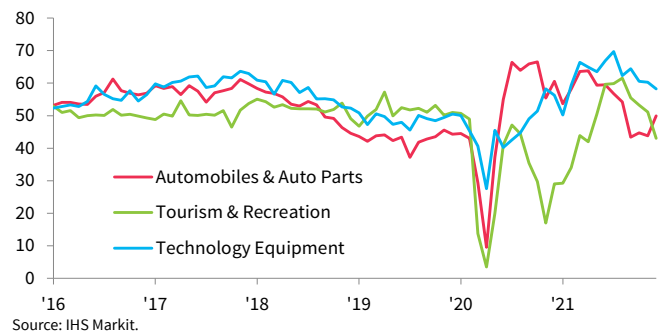
The final batch of IHS Markit Europe Sector PMI® data for 2021 signalled weakening demand for consumer services in December as a wave of Omicron variant cases struck the continent, but sustained growth in output across much of the rest of the economy. Cost pressures remained elevated but eased across most sectors at the end of the year.

Tourism & Recreation registered a sharp fall in activity in December as consumer demand faltered due to a rise in Omicron cases. The sector subsequently dropped to the bottom of the European rankings, a position it last held between September 2020 and May 2021 and a reversal from its recent high point of third in August. New business also fell sharply. The broad Consumer Services sector (also encompassing Media) was the bottom-ranked among eight broad sectors in December.

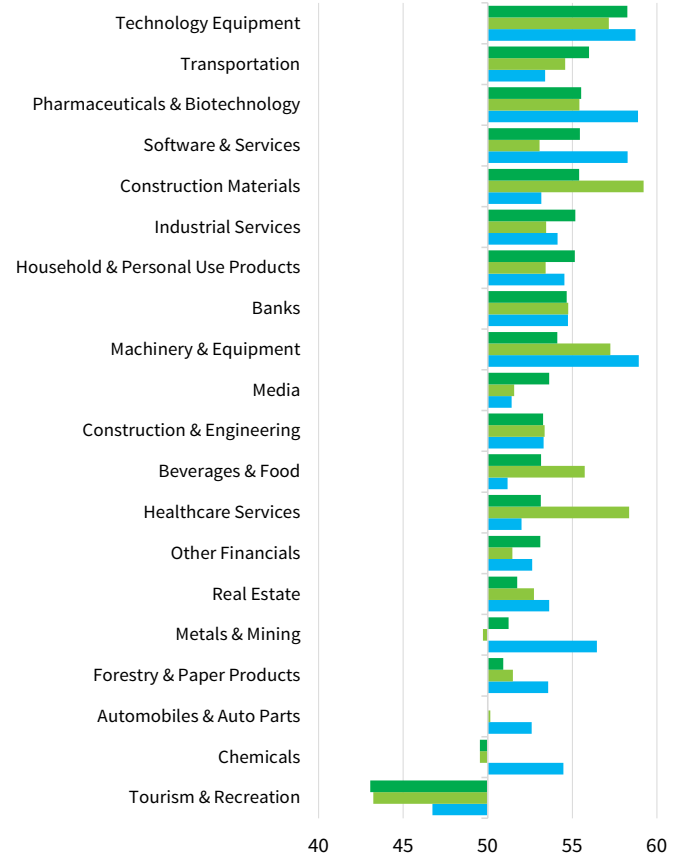
The only other European sector to record falling output in December was Chemicals, where a marginal decline was posted following an 18-month growth sequence. Meanwhile, Automobiles & Auto Parts registered no change in output following sharp declines in September, October and November, with new orders also stabilising. Technology Equipment was the fastest-growing sector in December, followed by Transportation, Pharmaceuticals & Biotechnology and Software & Services.

Input price inflation remained strong across all sectors in December. That said, 17 out of 20 sectors registered slower increases than in November. The most notable moderations in cost pressures were in Transportation, Construction Materials and Pharmaceuticals & Biotechnology. The strongest input price inflation was in Technology Equipment, and the weakest in Other Financials.

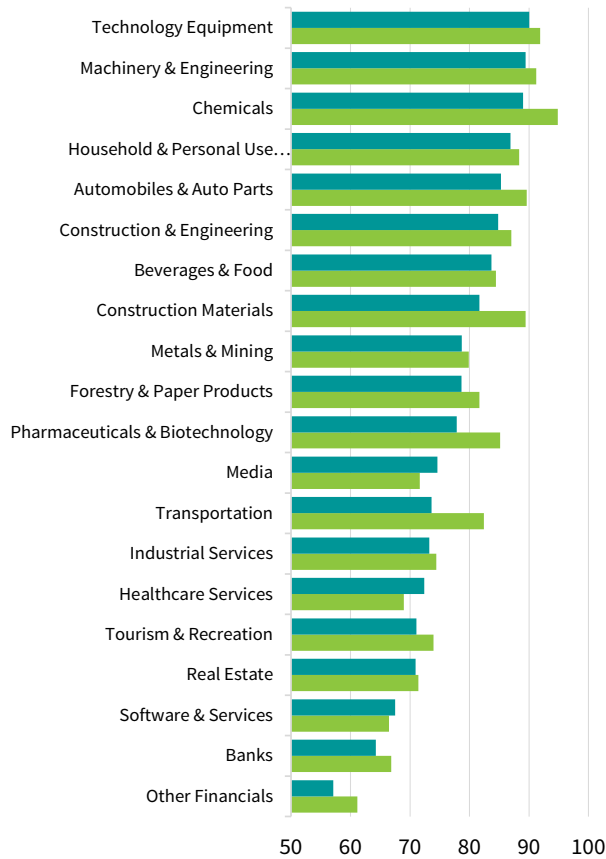
Europe Sector PMI Business Activity Index
sa, >50 = growth since previous month



Output Index ■ / New Orders Index ■ / Employment Index ■, Dec '21
sa, >50 = growth since previous month

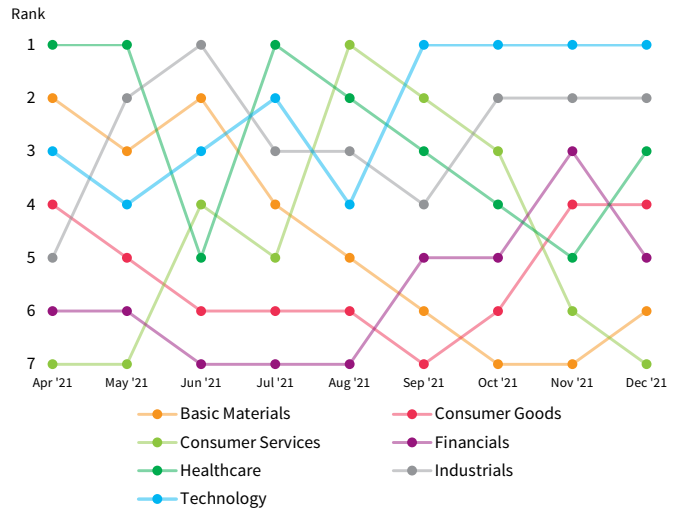


Input Prices Index, Dec '21 / Nov '21 ■ / ■
 sa, >50 = inflation since previous month.



Source: IHS Markit.

Output Index



Source: IHS Markit.

Contact

Chris Williamson
 Chief Business Economist
 IHS Markit
 T: ++44-20-7260-2329
chris.williamson@ihsmarkit.com

Trevor Balchin
 Economics Director
 IHS Markit
 T: +44-1491-461-065
trevor.balchin@ihsmarkit.com

Joanna Vickers
 Corporate Communications
 IHS Markit
 T: +44207-260-2234
joanna.vickers@ihsmarkit.com

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 economic@ihsmarkit.com.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to IHS Markit. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without IHS Markit's prior consent. IHS Markit shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall IHS Markit be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index® and PMI® are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates.

About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

IHS Markit is a registered trademark of IHS Markit Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2022 IHS Markit Ltd. All rights reserved.

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.
ihsmarkit.com/products/pmi.html

If you prefer not to receive news releases from IHS Markit, please email joanna.vickers@ihsmarkit.com. To read our privacy policy, click here.