

# IHS Markit Europe Sector PMI®

## Automotive sector returns to top of European growth rankings in December

### Key findings

Autos has been leading European sector five times in past six months

Top six sectors all located in manufacturing

Banking is best-performing service sector

The latest detailed European sector PMI® data indicated rising output in nine out of 20 monitored sectors in December, the same total as in November and the lowest since May. Seven of these sectors were manufacturing-related with just two service sectors – banks and industrial services – reporting higher activity at the end of 2020.

The strongest rate of growth in December was indicated in automobiles & auto parts. This sector rose five places in the rankings since November, recovering the top spot that it had previously held every month from July through to October.

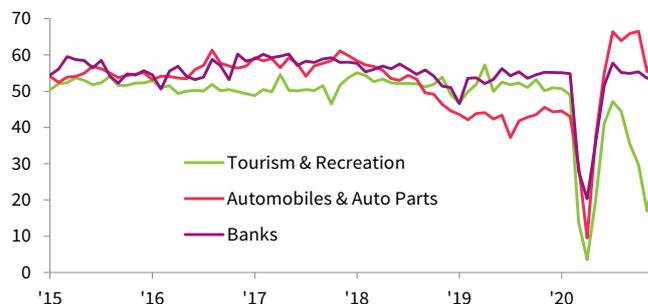
The sectors ranked from second down to sixth were all manufacturing-related industries, underlining the divergence between goods production and services activity seen across many national economies. Of this group, however, only metals & mining posted a faster rate of growth than in November, while forestry & paper products recorded a renewed expansion.

Banks was the top-ranked service sector in December, in seventh place overall. This is broadly in line with its average position in the sector league table since April. The only other services sector to post higher activity in December was industrial services, which includes commercial and professional services.

The fastest decline in activity in December was again indicated in tourism & recreation. It has been the bottom-ranked sector for the past four months, although the rate of contraction slowed notably in December compared with November.

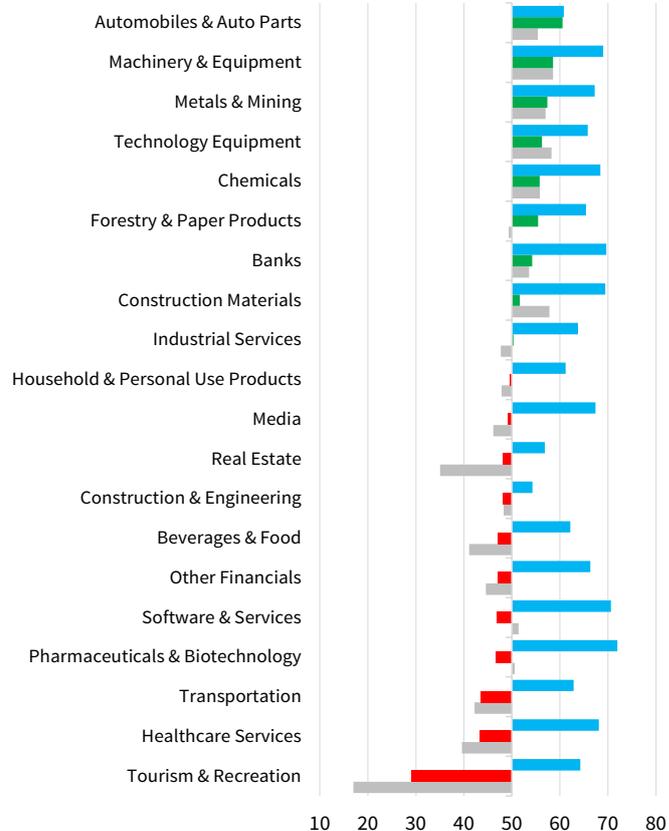
Forward-looking data on firms' output expectations for the next 12 months showed that confidence improved in most sectors in December. The strongest sentiment was in pharmaceuticals & biotechnology, followed by software & services and banks respectively. Sentiment was weakest in construction & engineering.

Europe Output Index  
sa, >50 = growth since previous month



Source: IHS Markit.

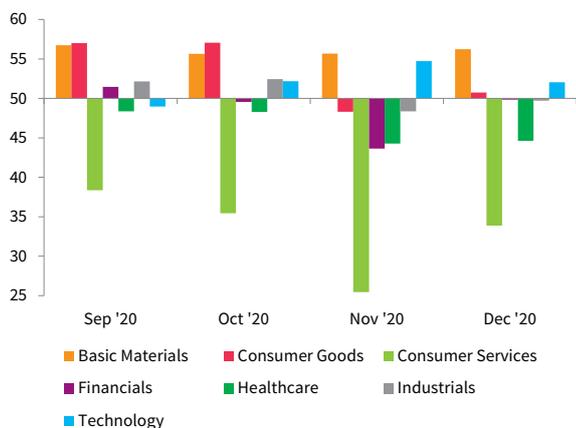
Output Index, Dec '20 ■ / Nov '20 ■  
Future Output Index\*, Dec '20 ■  
sa, >50 = growth since previous month / \*>50 = growth expected over next 12 months



Source: IHS Markit.

Output Index

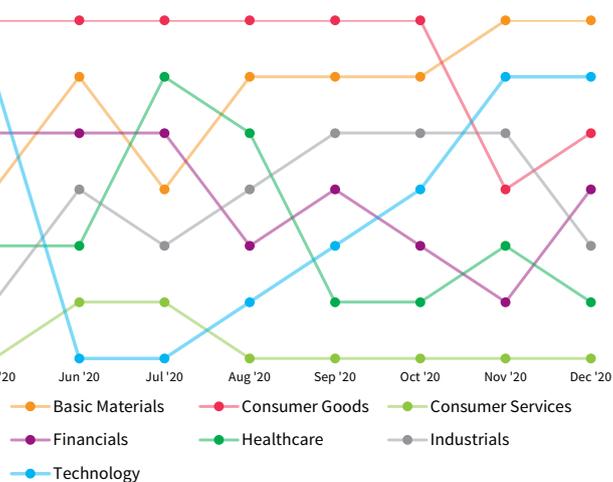
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index

Rank



Source: IHS Markit.

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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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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.

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