

Embargoed until 0930 UK (0830 UTC) 7 June 2019

## IHS MARKIT EUROPE SECTOR PMI®

### Sharp rise in IT services activity in May

#### KEY FINDINGS

Software & services tops European sector growth rankings in May

Further marked decline in autos & parts output

Downturn in metals output extends to ninth successive month

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.

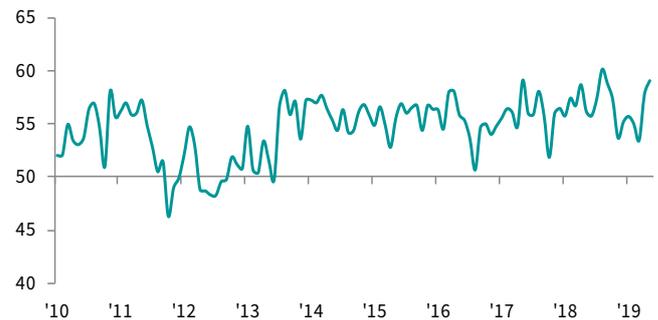
The European **software & services** industry registered another sharp increase in business activity in May, defying the wider slowdown in the economy during 2019 so far. The rate of expansion was the fastest since August 2018, and data also signalled another marked rise in employment in the sector, the strongest of all areas monitored.

Growth resumed in **banks** in May, placing it fifth in the table. **Real estate** showed the reverse trend, however, with activity declining for the first time in four months.

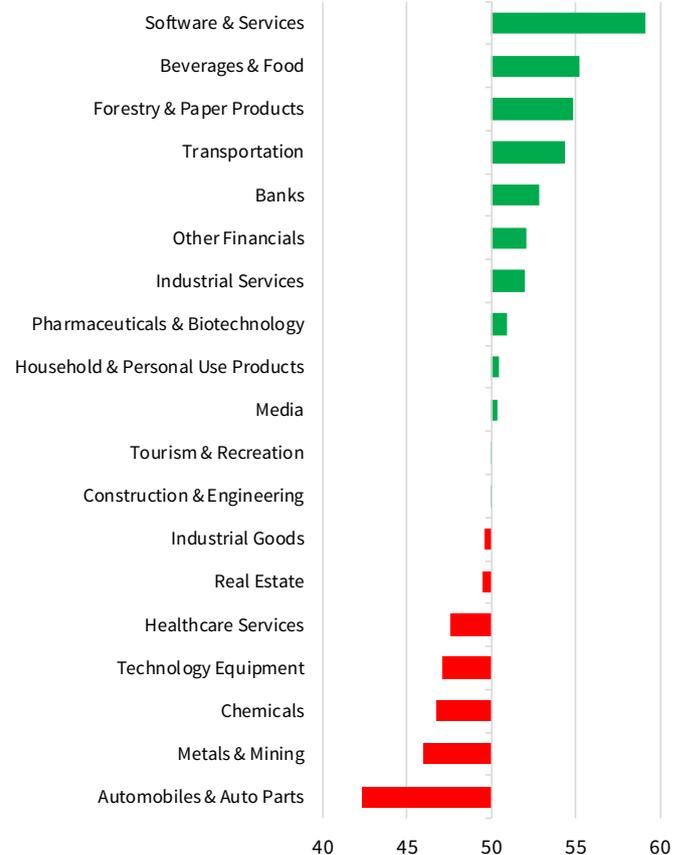
At the bottom of the sector league table, **automobiles & auto parts** registered another marked drop in output, leading to the most job losses in the industry since August 2009. Autos was also the lowest-ranked European sector in May for new orders.

Other sectors to post notable declines in output included **metals & mining** (a ninth straight monthly contraction), **chemicals, technology equipment** and **healthcare services**. In all, seven sectors registered lower output in May, an improvement on April when nine sectors were in contraction. That said, 11 sectors registered lower intakes of new business in the latest period.

Europe Software & Services Business Activity Index  
sa, >50 = growth since previous month

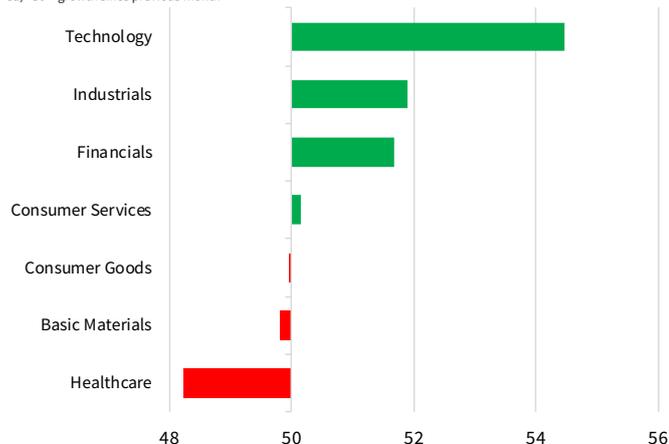


Output Index, May '19  
sa, >50 = growth since previous month



Output Index, May '19

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](mailto:economics@ihsmarkit.com).

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