

IHS Markit Europe Sector PMI®

Most European sectors register output growth in July, led by record rise in autos production

Key findings

Fastest month-on-month rise in autos & parts output since series began in January 1998

Autos & parts records fastest rate of job shedding despite topping output growth rankings

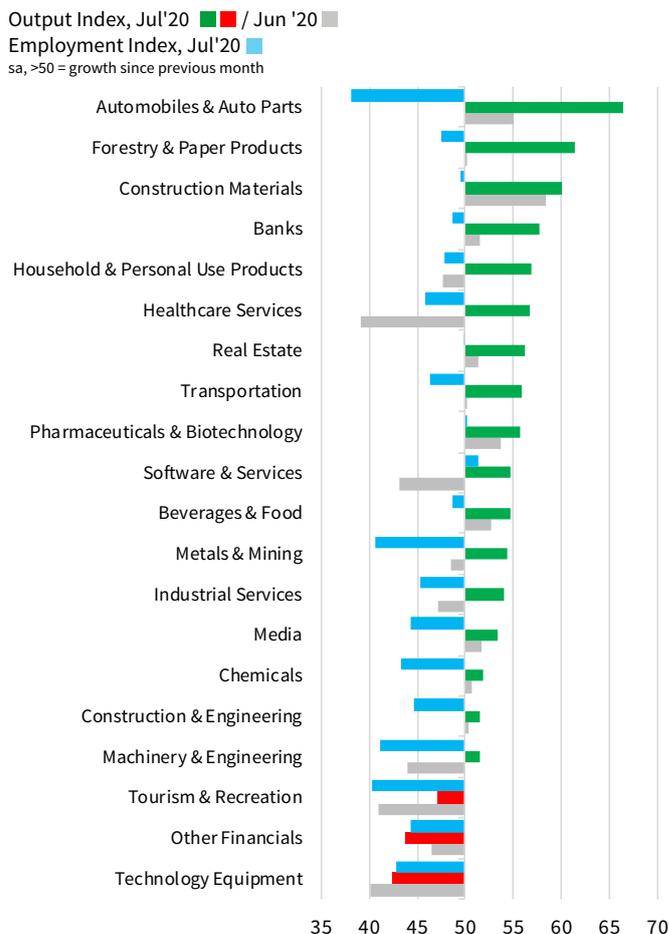
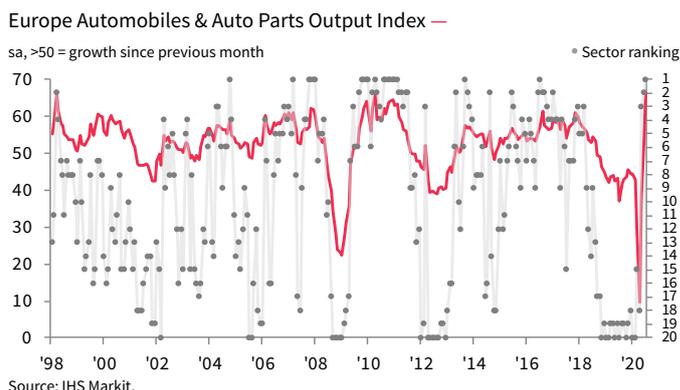
Activity falls further in technology equipment, other financials and tourism & recreation

Detailed European sector PMI® data for July indicated a rebound in growth of output across most areas of the private sector economy, as lockdown restrictions across the continent continued to be lifted. That said, almost all sectors continued to record cuts to workforces during the 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.

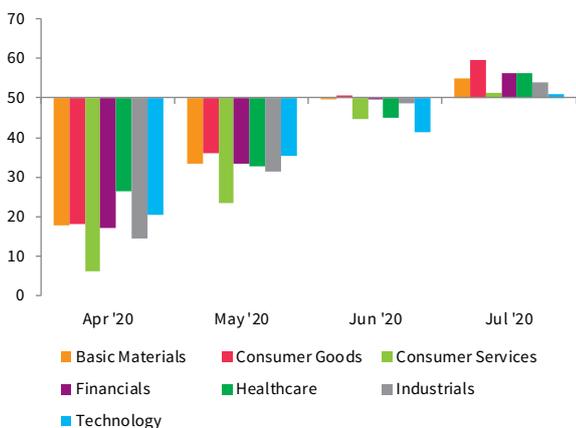
Out of 20 detailed sectors monitored, 17 registered growth of output in July. The strongest rate of expansion was seen in **automobiles & autos parts**, which was also a record rate of growth for the series since it began in January 1998. **Forestry & paper products** and **construction materials** also registered sharp increases, while **banks** was the fastest-growing service sector in fourth place overall. The only sectors to record falling output in July were **technology equipment**, **other financials** and **tourism & recreation**. Other financials even recorded a faster decline in activity than in June, while the other two sectors posted slower falls.

In contrast to output, employment fell across all but two sectors in July. **Software & services** and **pharmaceuticals & biotechnology** were the only sectors to record higher staffing, with the latter seeing only a fractional rise since June. The strongest rate of job cuts was in **automobiles & auto parts**, despite the rapid increase in output in the sector during the month.



Output Index

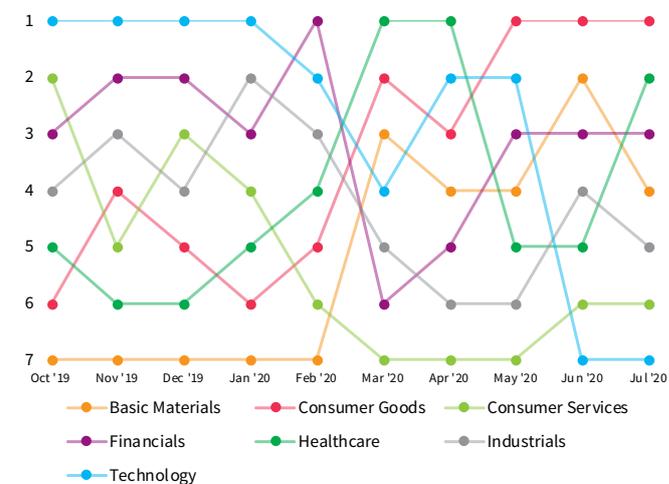
sa, >50 = growth since previous month



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.

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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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