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IHS MARKIT EUROPE SECTOR PMI®

European metals output declines at sharpest rate in over six-and-a-half years in June

KEY FINDINGS

Metals & mining sits bottom of European sector league table

Further sharp drop in autos & parts production

Software & services remains fastest-growing sector

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.

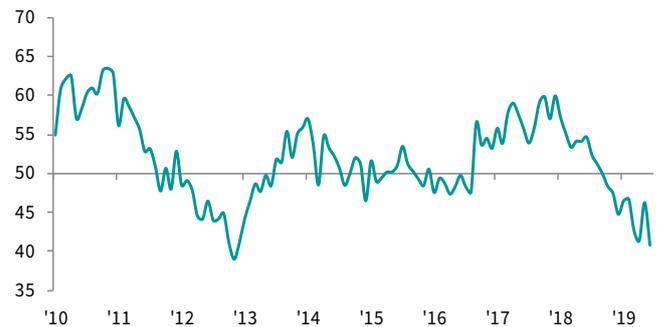
The European **metals & mining** sector posted another sharp drop in output in June, extending the current downturn to ten months. Moreover, the rate of contraction was the fastest since November 2012, and the strongest among all sectors monitored. Its sister sectors – **chemicals** and **forestry & paper products** – also posted lower output during the month, resulting in the strongest overall decline in **basic materials** production since April 2009.

The downturn in the European **automobiles & parts** sector continued in June, with output declining for the ninth month running. New orders fell further and jobs were cut at the fastest rate in nearly a decade.

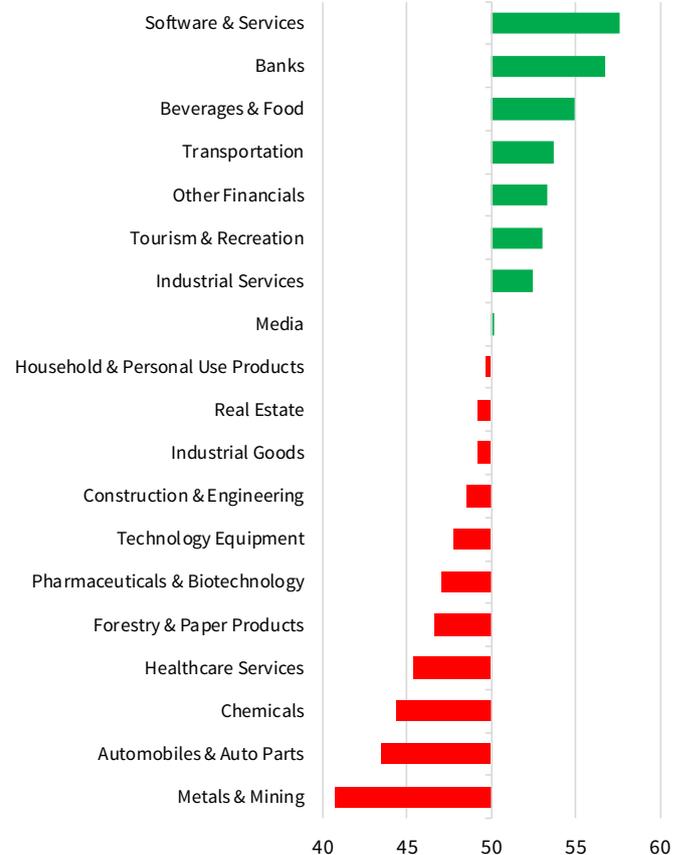
Software & services remained the fastest-growing detailed European sector in June. Moreover, **technology** topped the broad sector rankings, despite another fall in **technology equipment** output.

Another strong performer was **banks**, which saw the fastest activity growth in a year. This contrasted with a further mild decline in **real estate** activity, which weighed on the wider **financials** group.

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

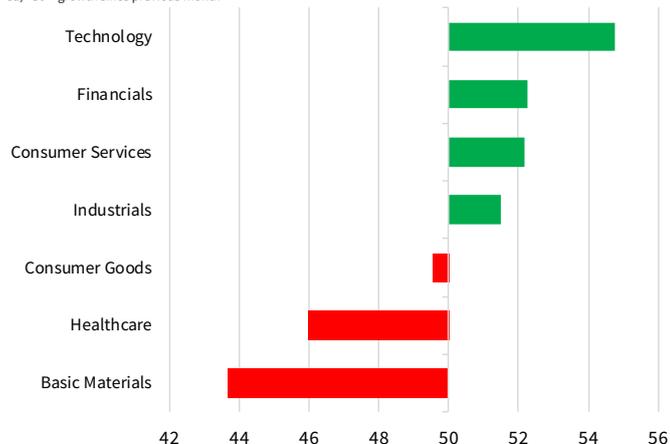


Output Index, Jun '19
sa, >50 = growth since previous month



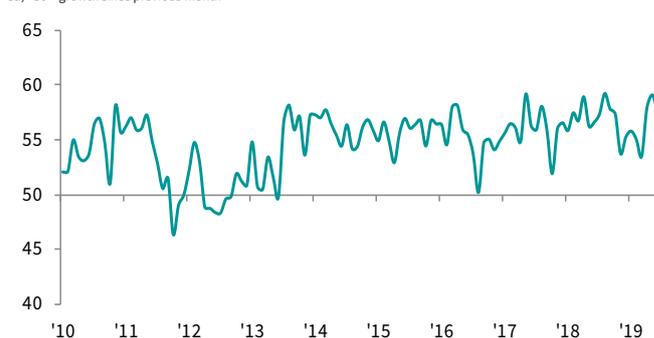
Output Index, Jun '19

sa, >50 = growth since previous month



Europe Software & Services Business Activity 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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