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# IHS Markit Europe Sector PMI®

## European machinery sector leads output growth rankings for fifth straight month in May

### Key findings

All 20 sectors record higher output for first time since July 2018

Tourism & Recreation activity increases for first time since January 2020

Nine sectors post record input price inflation, led by Automobiles & Auto Parts

The latest Europe Sector PMI® data from IHS Markit revealed broad-based growth of output in May, the first time all 20 sectors had registered expansion since July 2018. Moreover, new order growth was also universal in May, and 15 sectors posted faster growth in new business than output. Meanwhile, all but two sectors (Tourism & Recreation and Banks) recorded higher employment.

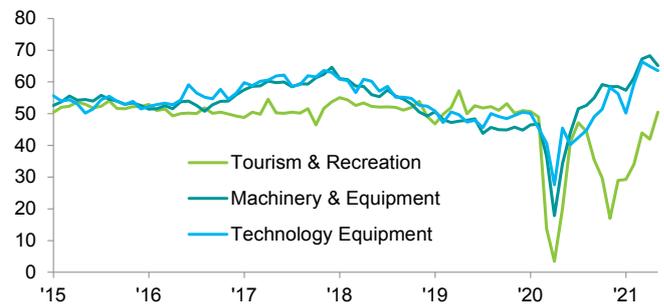
The Machinery & Equipment sector recorded the strongest rate of growth in output for the fifth month running in May and also posted the fastest rise in new orders, overtaking Automobiles & Auto Parts on that metric. Technology Equipment registered the second-fastest rise in output for the fourth month running, and the second-strongest gain in new orders.

Healthcare Services was the highest-ranked services sector in May, in third position overall. This was its highest position in the European sector league table since July 2014, with the Output Index at the highest level since November 2000.

Business activity in the Tourism & Recreation sector rose in May for the first time since January 2020, as many European consumer-facing businesses began to reopen with the easing of lockdown restrictions. The rate of growth was only marginal, but new business increased at the strongest rate since January 2011.

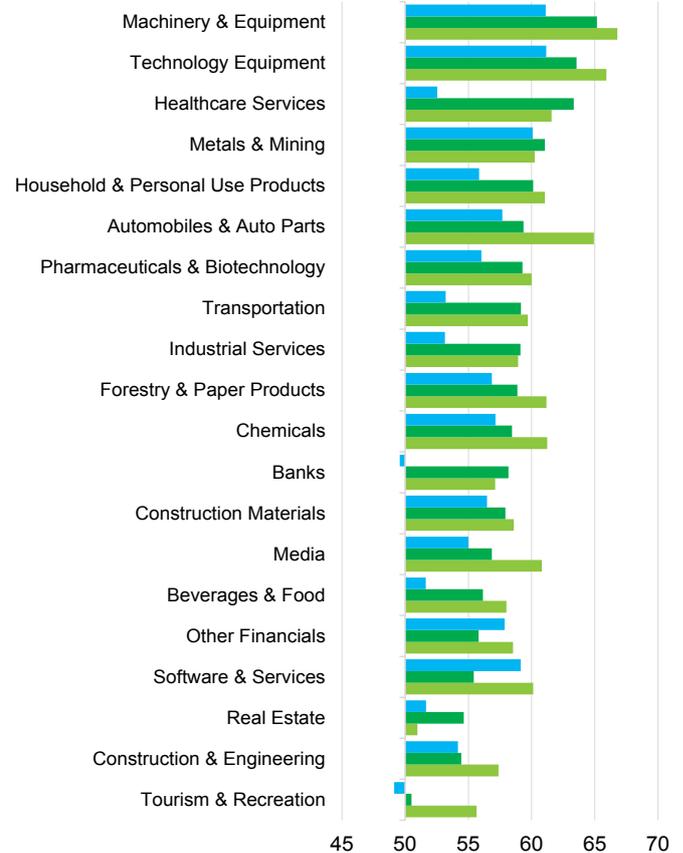
May data signalled record input price inflation in nine sectors in May, all located in manufacturing or construction. Automobiles & Auto Parts registered the greatest cost pressures, followed by Machinery & Equipment and Construction & Engineering. Moreover, seven sectors posted record output price inflation, led by the Basic materials group: Forestry & Paper Products, Chemicals and Metals & Mining.

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



Source: IHS Markit.

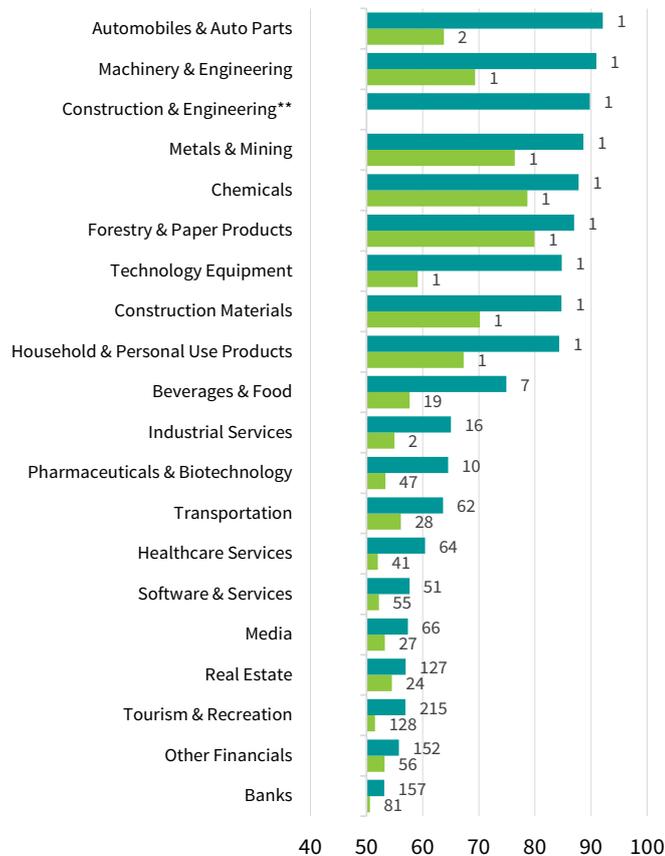
Output Index ■ / New Orders Index ■ / Employment Index ■, May '21  
sa, >50 = growth since previous month



Source: IHS Markit.

Input Prices Index / Output Prices Index, May '21

sa, >50 = inflation since previous month. Number shows series historical rank since Jan '98\*.



Source: IHS Markit.

\*Output Prices Index in manufacturing sectors started in Jan '03. \*\*Output Prices Index not available for Construction & Engineering.

Output Index



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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