

Purchasing Managers' Index®
MARKET SENSITIVE INFORMATION
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Markit Europe Sector PMI®

Technology sector grows at fastest pace since August 2007

Key points:

- Technology equipment leads detailed sector rankings
- All sectors record higher output
- Rise in banking activity second-fastest in over ten years

The latest EU Sector *PMI*® data from Markit indicated broad-based growth of output across the European economy on a sector basis in February. All 22 detailed sectors monitored registered increased output compared with one month previously. This was the third broad-based expansion in the past five months, but only the fifth during the past three years.

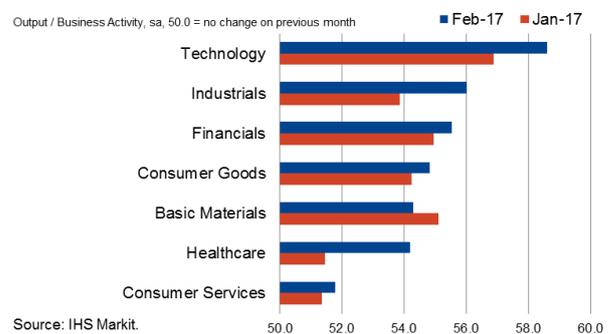
Among the seven broad sector groups monitored, **technology** posted the strongest rate of expansion in February, as it had done in January. Within technology, **technology equipment** posted the sharpest output expansion since August 2007, and was the fastest-growing among all 22 detailed sectors. Meanwhile, **software & services** ranked fifth in the sector league table with growth at a ten-month high.

Banks was the fastest-growing service sector, in second place overall with the second-fastest increase in activity since November 2006 (behind the recent high in November 2016).

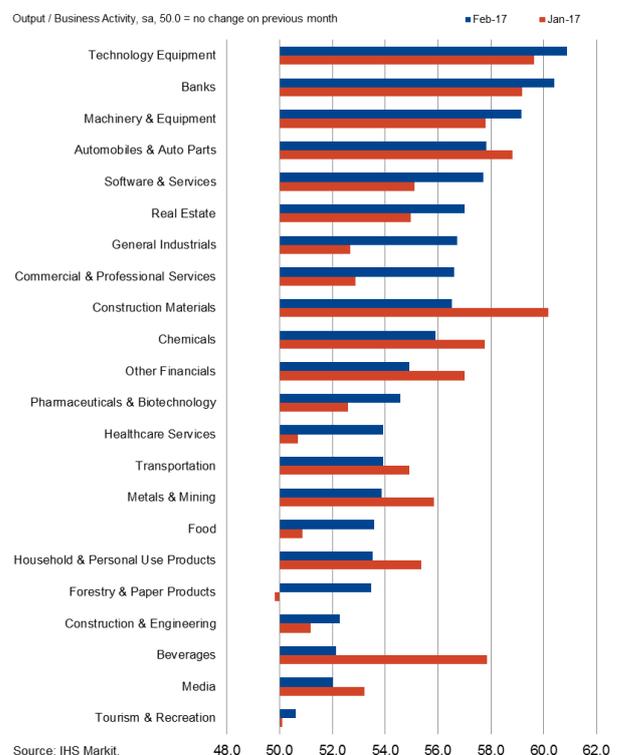
Consumer-related sectors had a mixed month. **Tourism & recreation**, **media** and **beverages** posted the weakest rates of expansion of all sectors monitored, while **automobiles & auto parts** was ranked fourth in the output growth table.

Metals & mining output rose for the sixth month running in February, the longest sequence of growth in three years.

Europe Sector PMI: broad sectors



Europe Sector PMI: detailed sectors



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Notes to Editors:

“PMI” is an acronym for *Purchasing Managers’ Index*, a type of survey originally developed for tracking business conditions in the manufacturing sector. Markit now uses ‘PMI’ to describe the methodology used for surveys also undertaken in the services, construction and non-oil private sectors.

Markit Europe Sector PMI data are derived from surveys of around 6,500 companies operating in 11 countries, including Austria, Czech Republic, France, Germany, Greece, Ireland, Italy, Netherlands, Poland, Spain and the United Kingdom. The data are typically released on the fifth working day of each month, two days’ after the Global Composite PMI, at 0930 UK time.

The Europe Sector PMI data provide corporate planners and decision makers, economic analysts, policy makers and investors with a powerful and unique database with which to monitor business cycles by industry. Sector trends over time can be tracked as well as relative performance between sectors, allowing identification of key growth industries and the drivers within them.

The dataset provides monthly indicators of business trends across variables such as output, order books, prices, inventories and employment for seven major groups including: basic materials, consumer goods, consumer services, financials, healthcare, industrials, and technology; and a further 26 sectors and subsectors of those groups.

Sector PMI data are generated from the same questionnaire responses as national PMI data, and mapped to Markit’s sector classification structure using Standard Industry Classification (SIC) codes. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month. Diffusion indexes are calculated for each variable (the percentage of positive responses plus half the percentage of neutral responses). These indexes vary between 0 and 100 with levels of 50.0 signalling no change on the previous month. Readings above 50.0 signal an improvement or increase on the previous month. Readings below 50.0 signal a deterioration or decrease on the previous month. The greater the divergence from 50.0 the greater the rate of change signalled.

Individual company responses will be weighted on the basis of that company’s country of origin. Country weights for each sector are derived from a combination of GDP data and detailed industry gross value added.

The PMI diffusion indexes are then adjusted for seasonality using the X-12 ARIMA program.

Detailed historical European sector data are available via a subscription from Markit, and datasets are also available for the US, Asia and at a global level. For further information please contact economics@ihsmarkit.com.

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About PMI

Purchasing Managers’ Index® (PMI)® surveys are now available for over 30 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. To learn more go to www.markit.com/product/pmi.

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