

**Purchasing Managers' Index<sup>®</sup>**  
**MARKET SENSITIVE INFORMATION**  
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## IHS Markit Europe Sector PMI<sup>®</sup>

### Basic materials and banking drive European growth in October

**Key points:**

- Strongest rise in basic materials output since December 1999
- Fastest growth in banking activity since February 2006
- Sharpest decline in tourism and recreation activity in over four years

The latest Europe Sector *PMI<sup>®</sup>* data from IHS Markit showed that **basic materials** registered the fastest growth of output in October. This was the first time it had topped the broad rankings in nearly four years. Moreover, the rate of growth was the strongest since December 1999. All other broad sectors monitored registered strong expansion except for **consumer services**, which was the bottom-ranked sector for the thirteenth consecutive month.

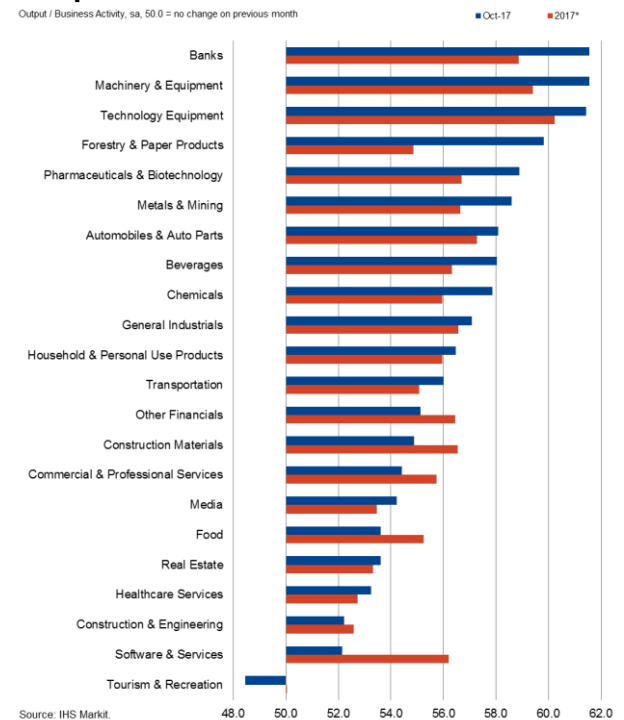
The overall strength of financial sector activity was driven by **banks**, which saw the fastest growth since February 2006. It was closely followed in the detailed sector rankings by **machinery & equipment** and **technology equipment** respectively. Together these remained the three fastest-growing detailed sectors over 2017 so far, albeit in the reverse order.

The relatively weak performance of consumer services mainly reflected a renewed decline in activity in the **tourism & recreation** sector. Output has declined five times in 2017 so far, with the latest contraction the sharpest since July 2013.

#### Basic Materials PMI: Output



#### Europe Sector PMI: detailed sectors



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### Notes to Editors:

*PMI*<sup>®</sup> is an acronym for *Purchasing Managers' Index*<sup>®</sup>, a type of survey originally developed for tracking business conditions in the manufacturing sector. IHS Markit now uses '*PMI*' to describe the methodology used for surveys also undertaken in the services, construction and non-oil private sectors.

IHS 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 IHS 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 IHS Markit, and datasets are also available for the US, Asia and at a global level. For further information please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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### About PMI

*Purchasing Managers' Index*<sup>®</sup> (*PMI*<sup>®</sup>) 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. To learn more go to [www.markit.com/product/pmi](http://www.markit.com/product/pmi).

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