

IHS Markit Europe Sector PMI®

Downturn in European autos sector continues in October

Key findings

Further falls in output and new orders reflected in weakest expectations since May 2020

Metals & Mining records drop in output for first time since June 2020

Technology Equipment tops growth rankings for second month running

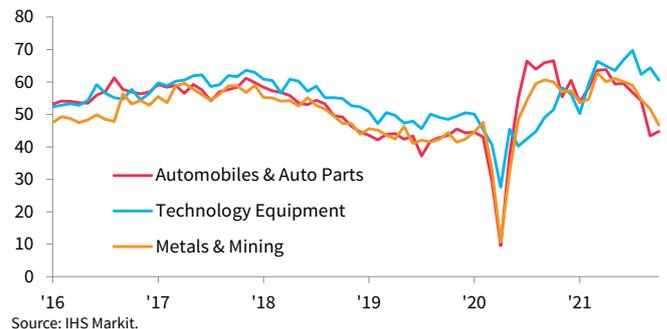
The European Automobiles & Auto Parts sector suffered further declines in output and new orders in October, according to the latest Europe Sector PMI® data from IHS Markit. Production declined sharply, albeit at a slightly slower rate, while the downturn in new business accelerated leading to the weakest 12-month outlook for production since May 2020. Backlogs of work continued to rise sharply, while employment in the sector increased at the weakest rate since February. Suppliers' delivery times lengthened markedly again, albeit to the smallest extent since January.

Only two other European sectors registered falling output in October: Metals & Mining and Forestry & Paper Products. The former posted the first decline since June 2020, while the latter registered only a negligible contraction. Both sectors suffered declining new orders for the second month running.

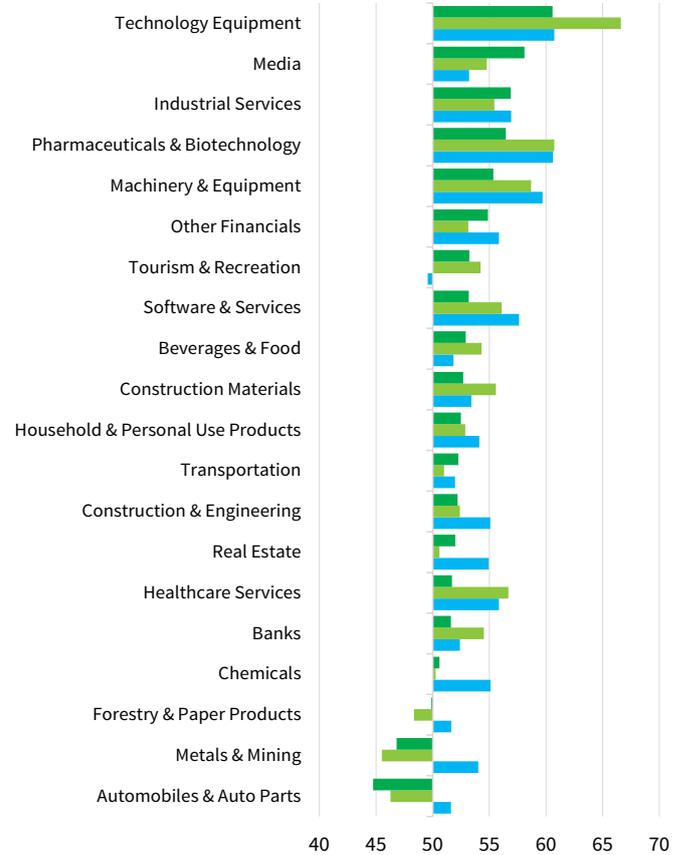
The strongest rate of output growth in October was seen in Technology Equipment, which has posted in the top two rankings for the past nine months. Media remained the second-fastest growing sector, while Industrial Services (including commercial and professional services) overtook Machinery & Equipment in third place. Meanwhile, Transportation and Real Estate both registered higher activity in October, having seen falling and stagnant activity in September, respectively.

Chemicals registered the fastest input price inflation of all sectors in October, with a record monthly increase (since 1998). Six other sectors registered record rates of input cost inflation: Beverages & Food, Household & Personal Use Products, Media, Real Estate, Pharmaceuticals & Biotechnology and Technology Equipment.

Europe Sector PMI Business Activity Index
sa, >50 = growth since previous month

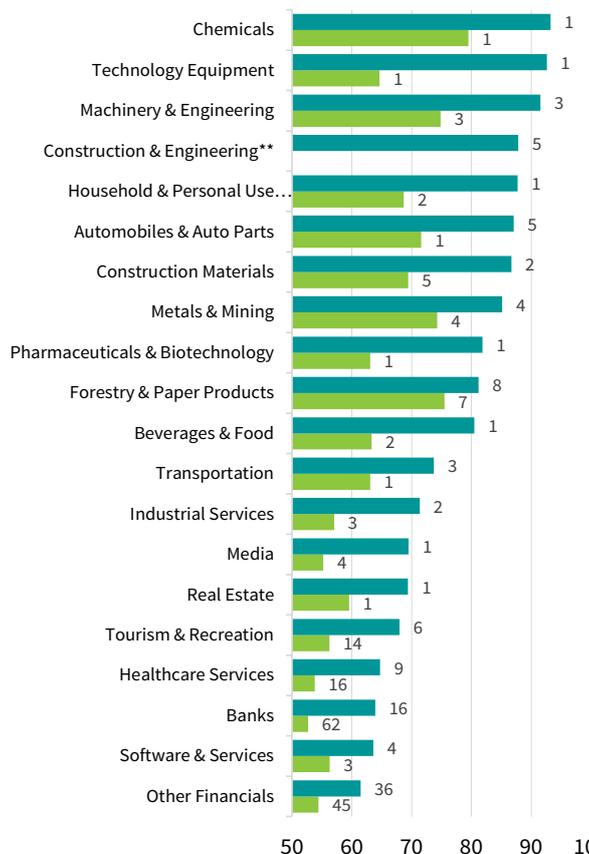


Output Index ■ / New Orders Index ■ / Employment Index ■, Oct '21
sa, >50 = growth since previous month

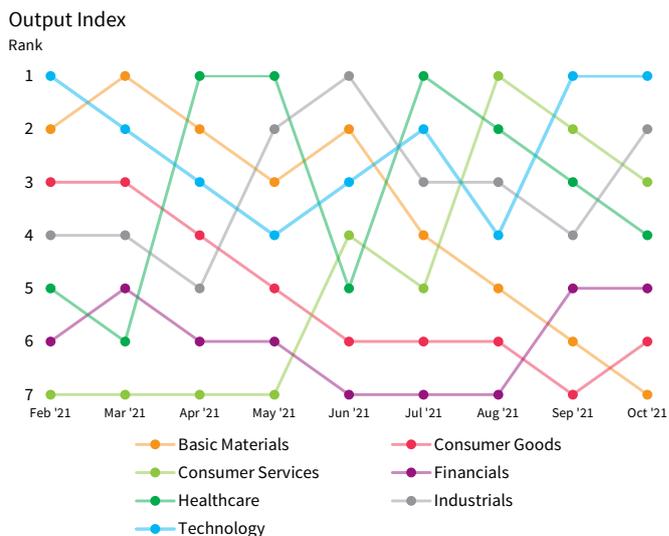


Source: IHS Markit.

Input Prices Index / Output Prices Index, Oct '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.



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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