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IHS Markit Europe Sector PMI®

Manufacturing sectors dominate European growth rankings in March

Key findings

Record rates of output growth in Machinery & Equipment and Technology Equipment

Software & Services is highest-ranked pure services sector

Tourism & Recreation moving closer towards recovery

The latest detailed European sector PMI® data indicated output growth in 15 out of 20 monitored sectors in March, up from ten in February. Manufacturing continued to dominate the rankings with the top seven sectors all engaged in goods production. The strongest expansions were in Machinery & Equipment and Technology Equipment, where the Output Index surged to record highs (since 1998) of 67.3 and 66.4, respectively.

Growth rates in the next seven highest-ranked sectors also accelerated since February, most notably in Metals & Mining in fourth position overall, behind Automobiles & Auto Parts. The only pure services sector in the top half of the table was Software & Services (9th), accompanied by Pharmaceuticals & Biotechnology (8th) which encompasses both manufacturing and services. Software & Services saw the greatest rise in employment, however, followed by its manufacturing counterpart Technology Equipment.

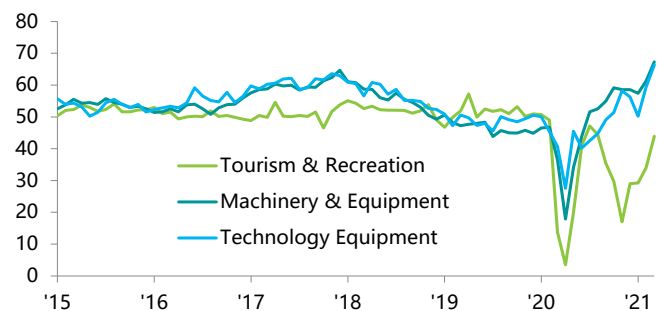
At the other end of the table, Tourism & Recreation posted a fourteenth successive monthly decline in activity in March. That said, its Business Activity Index rose nearly ten points – the biggest month-on-month gain of any sector – to 43.9, indicating the slowest rate of decline since August 2020.

All other sectors to record lower output in March were services-related, namely Transportation, Other Financials, Real Estate and Healthcare Services. That said, the rates of decline slowed since February in all cases.

Basic Materials was the highest-ranked among seven broad sector groups for the fourth time in five months in March, followed closely by Technology. Consumer Services remained the worst-performing group, as has been the case throughout the COVID-19 pandemic with the exceptions of June and July last year.

Europe Output Index

sa, >50 = growth since previous month

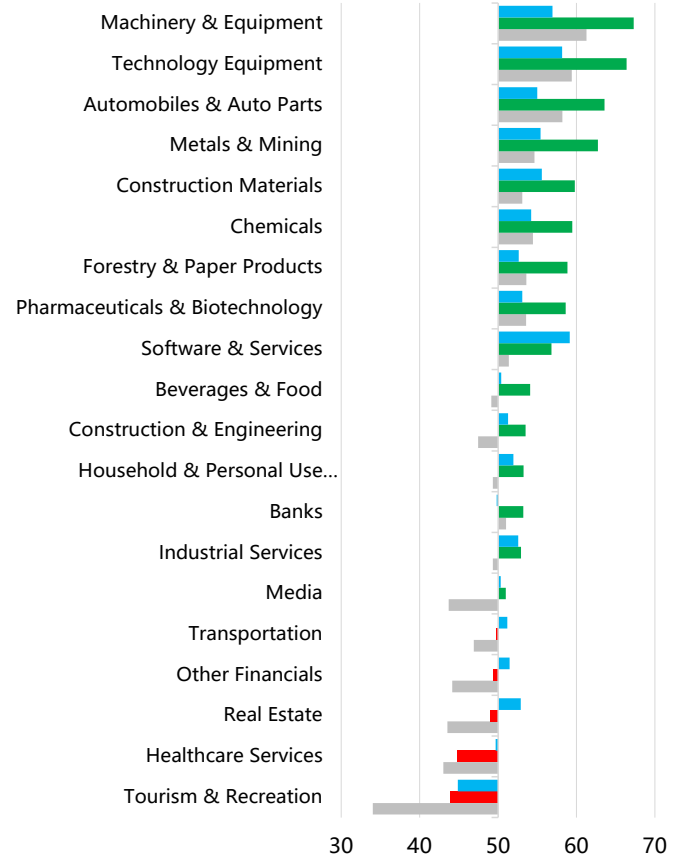


Source: IHS Markit.

Output Index, Mar '21 / Feb '21

Employment Index*, Mar '21

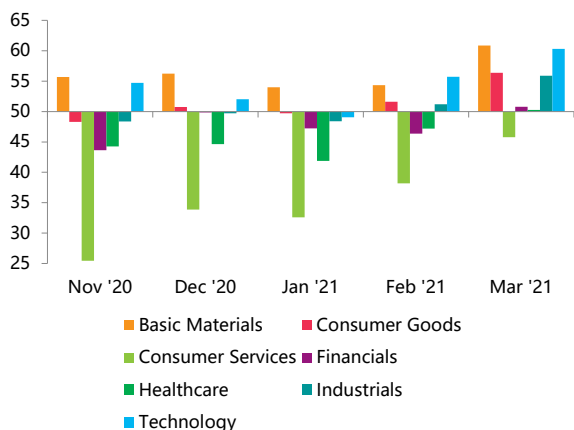
sa, >50 = growth since previous month / *>50 = growth expected over next 12 months



Source: IHS Markit.

Output Index

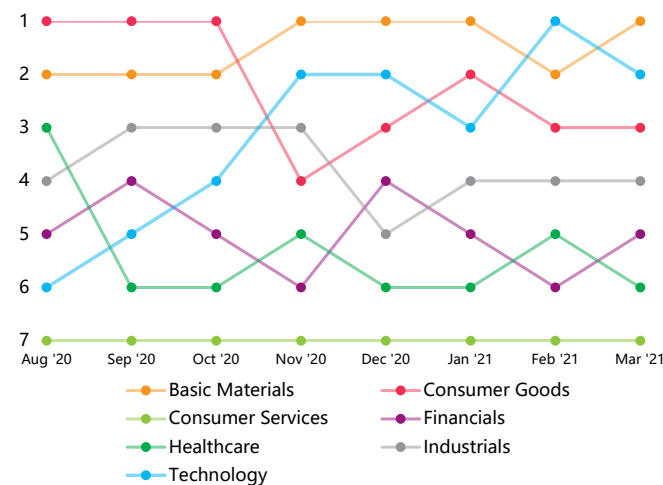
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index

Rank



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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