

News Release

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S&P Global Europe Sector PMI®

More European sectors register declining output in October

Key findings

Only four sectors record growth of activity, lowest total since lockdown-hit spring 2020

Real Estate sector activity contracts at fastest rate in nearly two years

Cost pressures remain high, but continue to ease from 2022 records

The latest S&P Global Europe Sector PMI® data revealed a broadening economic downturn at the start of the fourth quarter. Out of 20 sectors monitored, 16 registered lower output in October, the highest total since the universal declines seen from March to May 2020 during the first pandemic lockdowns across the continent. The sharpest rates of contraction were seen in the three sectors that comprise the Basic Materials group: Chemicals, Forestry & Paper Products and Metals & Mining. These also posted the fastest declines in new orders. The next-worst performing sectors in terms of output were Construction Materials and Automobiles & Auto Parts. Real Estate was the lowest-ranked services sector, posting the fastest decline in business activity since November 2020. Moreover, outside the pandemic period, the drop in real estate activity was the sharpest since December 2008.

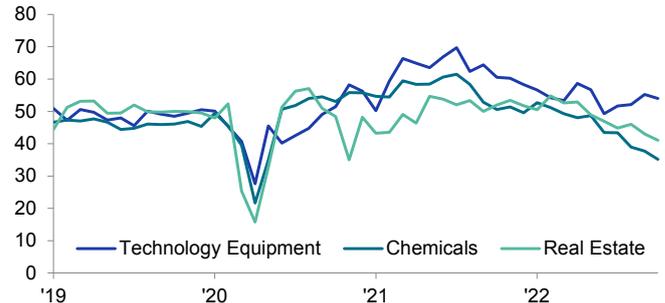
Technology Equipment topped the European sector growth rankings again in October. The rate of expansion eased since September but remained above the long-run series trend. Pharmaceuticals & Biotechnology, Software & Services and Industrial Services (including Commercial & Professional Services) were the only other sectors to post growth of activity.

The picture for new orders was even worse than total activity, with just two sectors registering growth in October: Pharmaceuticals & Biotechnology and Software & Services. Moreover, alongside a renewed fall in Technology Equipment, 14 other sectors posted faster declines in new business than in September, the exceptions being Forestry & Paper Products (which still posted the fastest overall drop), Tourism & Recreation and Industrial Services.

Rates of input price inflation eased in most sectors in October, most notably in Construction Materials, Household & Personal Use Products and Media. Across all sectors the Input Prices Index has declined by an average of 11.6 points from its 2022 highs, but remains above its long-run average (since 1998) in all sectors except Forestry & Paper Products. In October, the strongest cost pressures were in Pharmaceuticals & Biotechnology, Tourism & Recreation and Technology Equipment.

Europe Sector PMI Business Activity Index

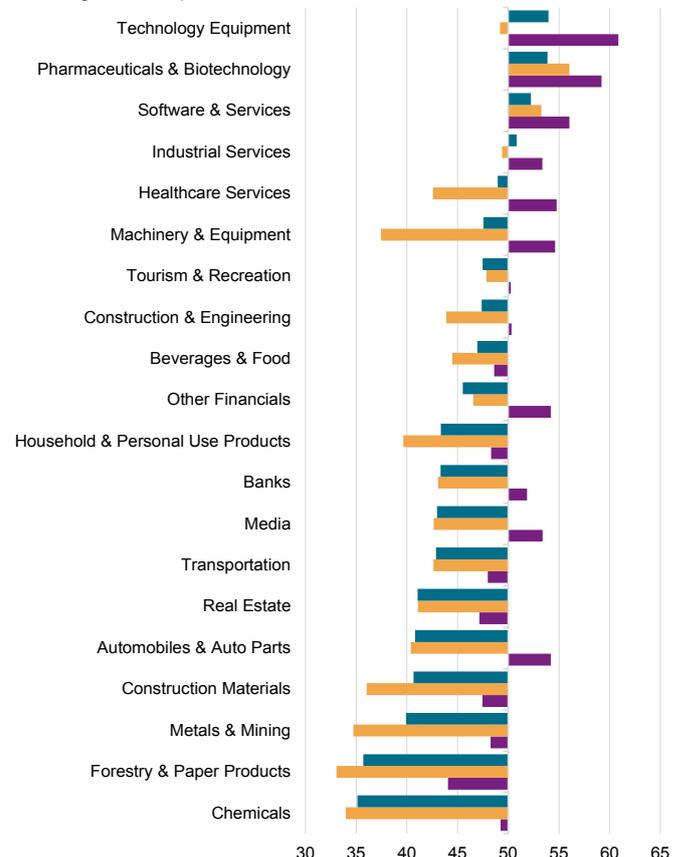
sa, >50 = growth since previous month



Source: S&P Global.

Output Index
New Orders Index
Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

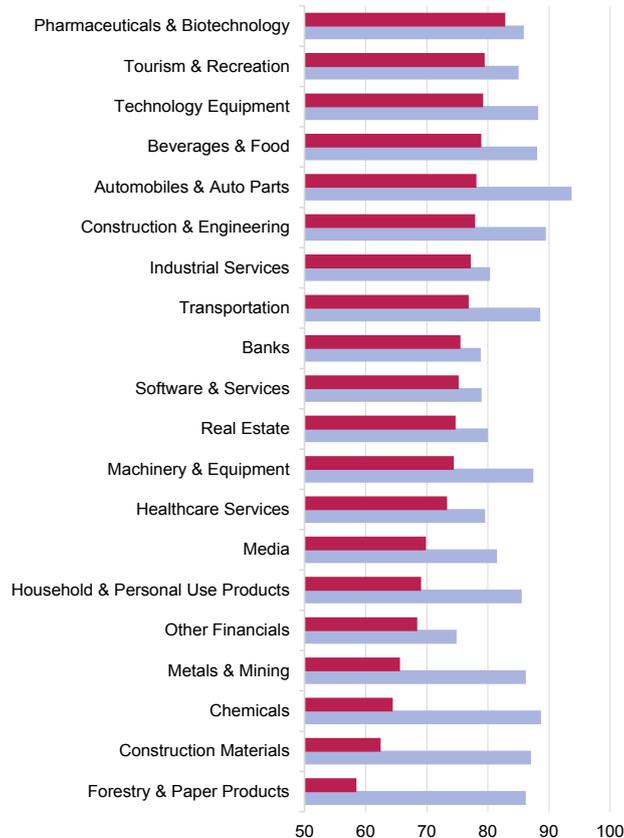
PMI®

by S&P Global

Input Prices Index

■ Oct '22 ■ 2022 high

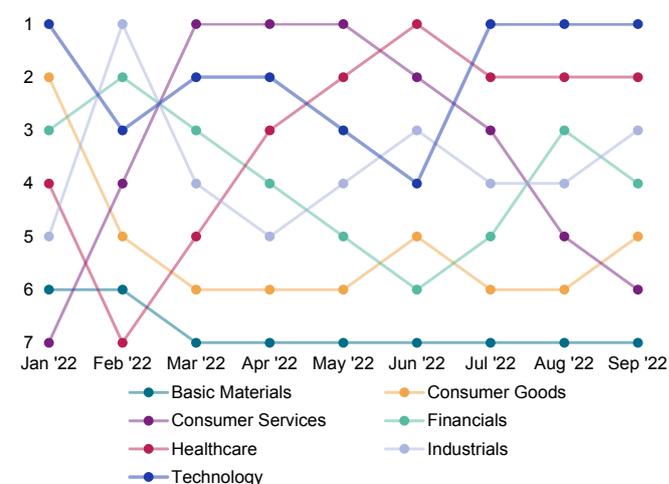
sa, >50 = inflation since previous month



Source: S&P Global.

Output Index

Rank



Source: S&P Global.

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Survey methodology

The S&P Global Europe Sector PMI® indices are compiled by S&P Global from responses to questionnaires sent to purchasing managers in S&P Global'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.

S&P Global 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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