

# News Release

Embargoed until 0930 BST (0830 UTC) 6 September 2023

## S&P Global Europe Sector PMI®

### Demand weakness extends to services

#### Key findings

19 of the 20 monitored sectors record declines in output during August

Metals & Mining leads the wider downturn

Software & Services the only industry to register a rise in output

With all but one of the 20 monitored industries posting a contraction in activity during August, the latest S&P Global Sector PMI® data signalled a widespread deterioration in European economic conditions. This was the highest total of sectors to have recorded a drop in output since May 2020 and signalled a narrowing in the sectoral divergence that has been apparent in the previous few months.

Leading the wider European downturn was the Basic Materials group, which saw all three of its constituent sectors claim the bottom three output rankings during August. The strongest reduction was seen for Metals & Mining where the rate of decline was the most pronounced since May 2020. The broader Financials group, a previous bright spot for European economy, also saw a notable deterioration in conditions during August. Two of its three sector constituents, Other Financials and Banks, registered renewed downturns in activity, with the former noting the most significant loss in output momentum of the 20 monitored industries. The only sector to have recorded an expansion in activity was Software & Services, although the rise here was only marginal and the softest in nine months.

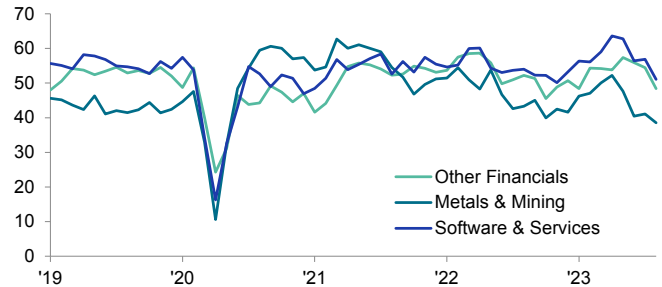
Trends for new orders took a similarly gloomy turn as demand weakness previously confined to the manufacturing sectors spread to services. The majority of sectors posted a fall in new orders with the two exceptions being Pharmaceuticals & Biotechnology and Software & Services. Machinery & Equipment recorded the sharpest contraction in order books, closely followed by Metals & Mining.

In terms of employment, an increasing number of industries noted job losses. Only seven of the 20 monitored sectors registered an increase in employment levels during August, the lowest total in 33 months.

An element of sector divergence remained in terms of prices. Every pure manufacturing-based industry (8) continued to record lower input prices during August while all mixed and services sectors (12) saw a sustained rise in operating expenses, led by Banks. Banks also noted the fastest rate of selling price inflation of the monitored sectors, while Forestry & Paper Products recorded the quickest fall.

Europe Sector PMI Business Activity Index

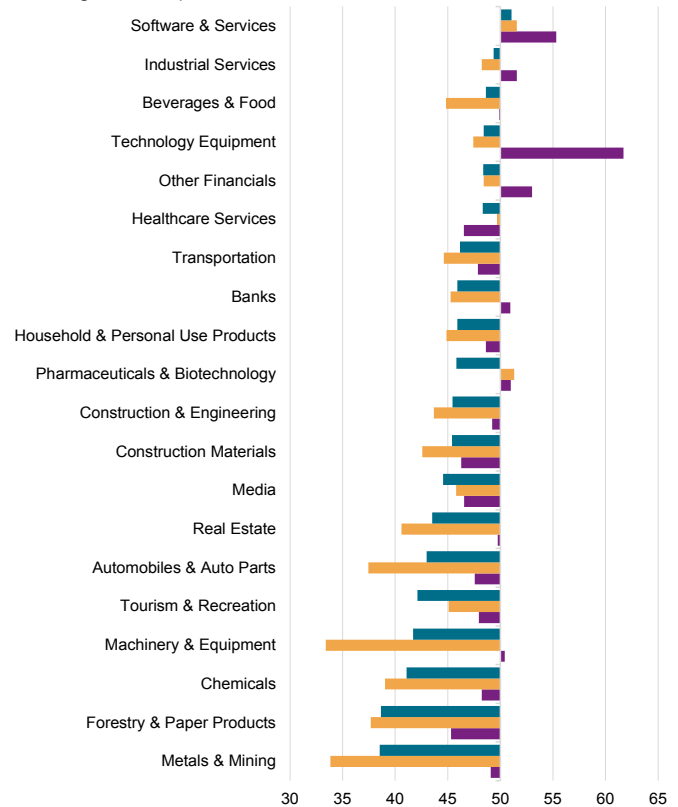
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index  
New Orders Index  
Employment Index

sa, >50 = growth since previous month



Source: S&P Global PMI.

PMI®

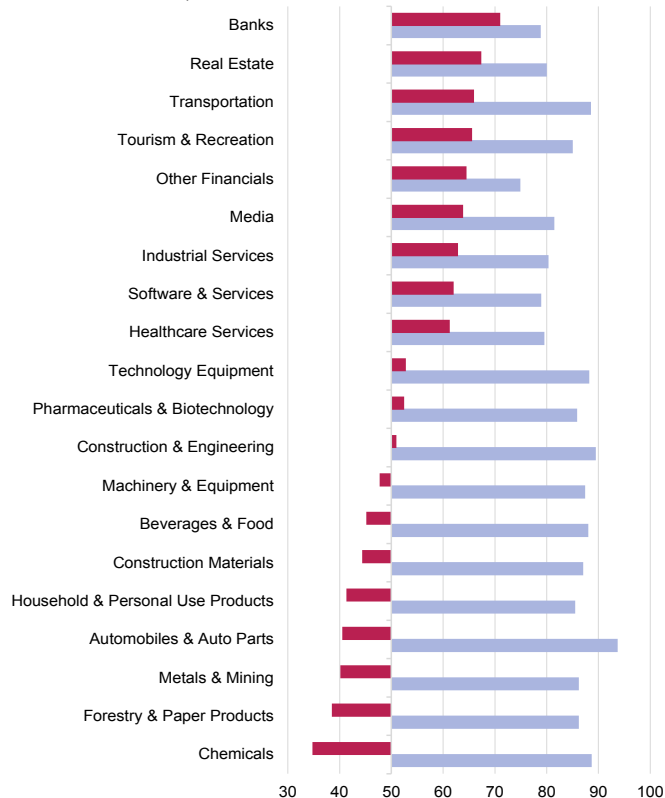
by S&P Global

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Input Prices Index

■ Aug '23 ■ 2022 high

sa, >50 = inflation since previous month



Source: S&P Global PMI.

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.

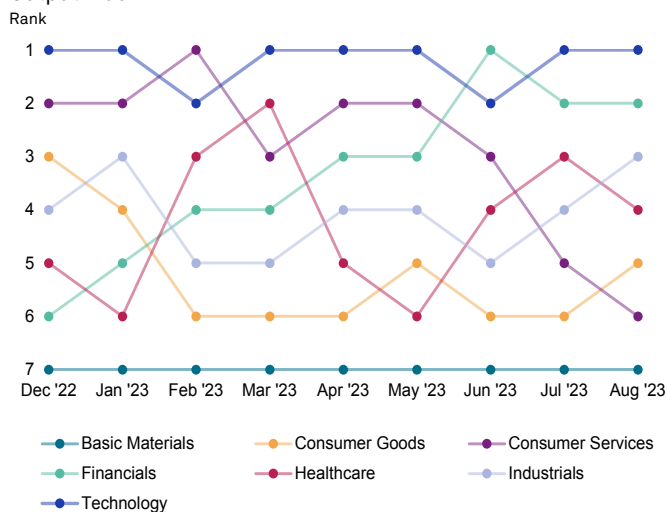
For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

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Output Index



Source: S&P Global PMI.

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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. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).