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IHS MARKIT EUROPE SECTOR PMI®

Output declines sharply across all sectors in March as coronavirus outbreak hammers European economy

KEY FINDINGS

All output indices lowest since at least April 2009, except pharmaceuticals & biotechnology

Eight service sectors post fastest drops in activity since series began in 1998

Tourism & Recreation Business Activity Index falls to 13.7, and New Business Index to 9.3

Restrictions put in place to stem the accelerating coronavirus disease 2019 (COVID-19) outbreak in Europe impacted every sector of the region's economy in March. Service-related activities were the worst hit, in particular consumer services where demand evaporated as entire populations were put under lockdowns.

European Sector PMI® indices are compiled from responses to IHS Markit's European PMI surveys, covering over 8,000 private sector companies in 11 countries. Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

With the sole exception of **pharmaceuticals & biotechnology**, all sectors registered their steepest falls in output since at least April 2009 in March. Moreover, eight services sub-sectors registered the fastest contractions since the series began in 1998, namely **tourism & recreation, media, transportation, real estate, banks, industrial services, software & services and healthcare services**.

Automobiles & auto parts was the worst-performing manufacturing segment, with the strongest fall in output since February 2009. Suppliers' delivery times lengthened to the joint-second greatest degree on record.

Although pharmaceuticals & biotechnology output declined in March, it was the top-ranked sector. Moreover, new orders rose sharply (56.4), making it the only sector to see higher new business. In stark contrast, the Tourism & Recreation New Business Index collapsed to just 9.3, by far the lowest reading recorded for any sector to date.

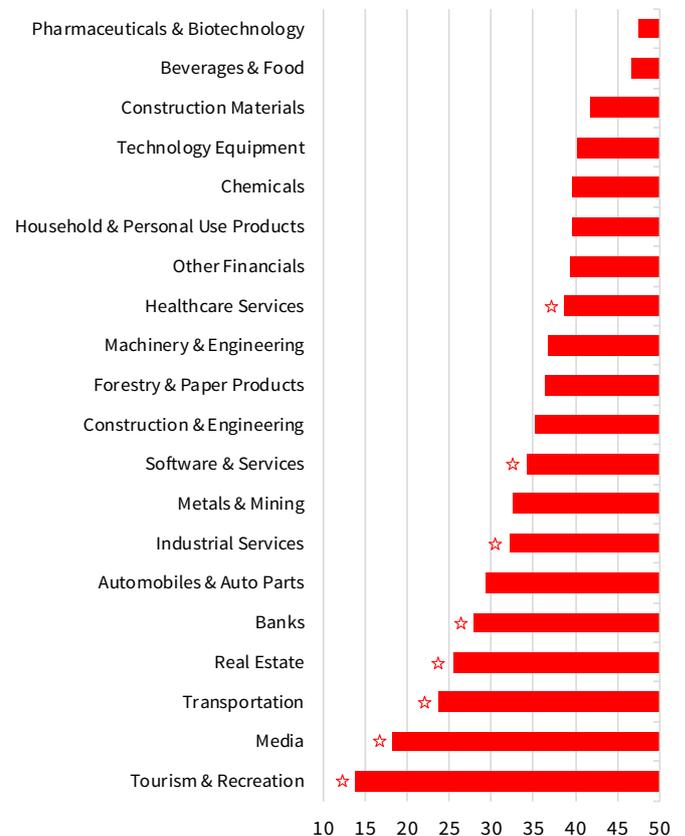
Europe Tourism & Recreation Business Activity Index
sa, >50 = growth since previous month



Source: IHS Markit.

Output Index, Mar '20

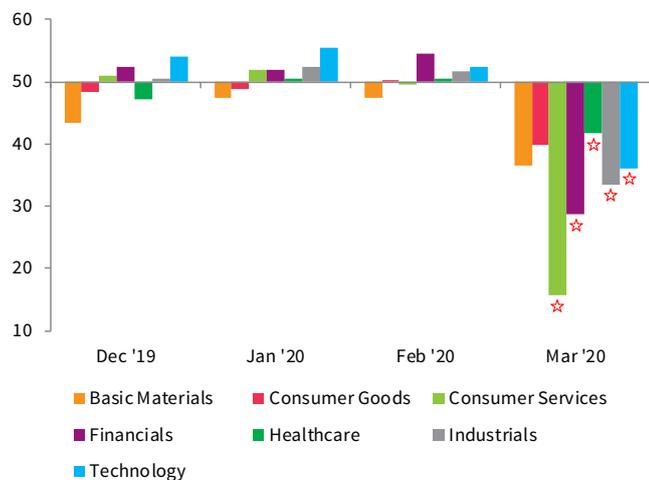
sa, >50 = growth since previous month ☆ = record low (since Jan '98)



Source: IHS Markit.

Output Index

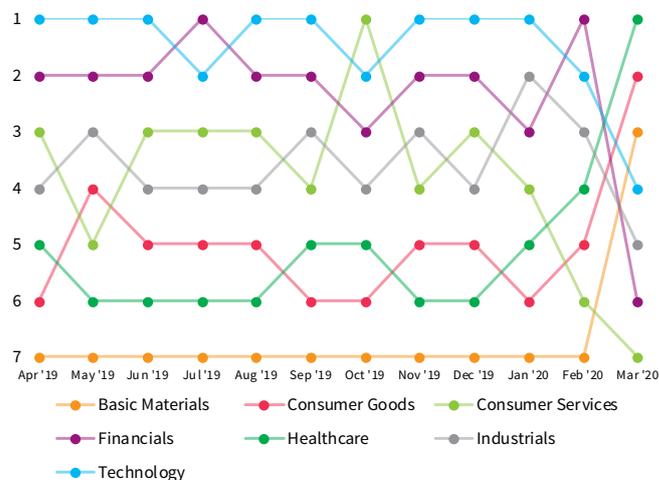
sa, >50 = growth since previous month ☆ = record low (since Jan '98)



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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