

# News Release

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## S&P Global Europe Sector PMI®

### Software & Services continues to lead growth rankings amid broad-based weakness in demand

#### Key findings

Only two of the 20 monitored sectors record expansion of activity

Basic Materials sub-sectors remain among worst performing

Trends in cost pressures continue to diverge

General demand weakness at manufacturing and services firms continued to weigh on output across European sectors during October, with only Software & Services and Other Financials recording growth, according to the latest S&P Global Europe Sector PMI® data.

While Other Financials returned to expansion territory following back-to-back contractions, the pace of increase in activity at Software & Services firms quickened to the fastest since July.

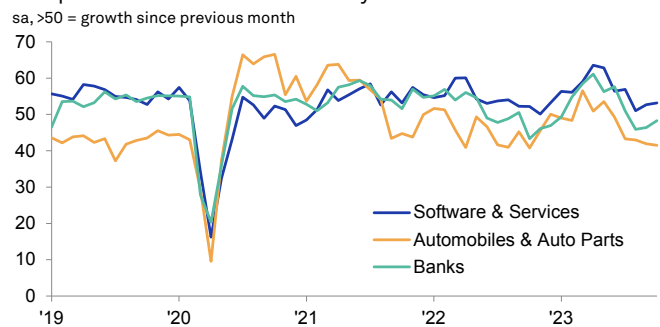
Particular weakness was seen across the Basic Materials group, with one of its sub-sectors, Forestry & Paper Products, signalling the strongest overall contraction in production. At the same time, Chemicals and Metals & Mining both saw marked decreases in output during October.

Meanwhile, Automobiles & Auto Parts manufacturers registered the sharpest fall in production for a year, as pressure on consumer purchasing power also led to declines in Household & Personal Products and Beverages & Food. Similarly, a challenging sales environment led to downturns in Consumer Services sub-sectors, with the rate of decrease in Tourism & Recreation activity quickening. At the same time, Real Estate fared worse than its other Financials constituent sub-sectors, as activity contracted at the fastest pace since November 2022.

Inflationary pressures continued to diverge across manufacturing and services sub-sectors. Goods-producing sectors generally recorded further steep drops in cost burdens, with discounts and concessions often made to customers in a bid to drive sales. In contrast, higher labour and transportation costs pushed up business expenses for service sectors, which in turn passed these through to customers, albeit at broadly softer rates.

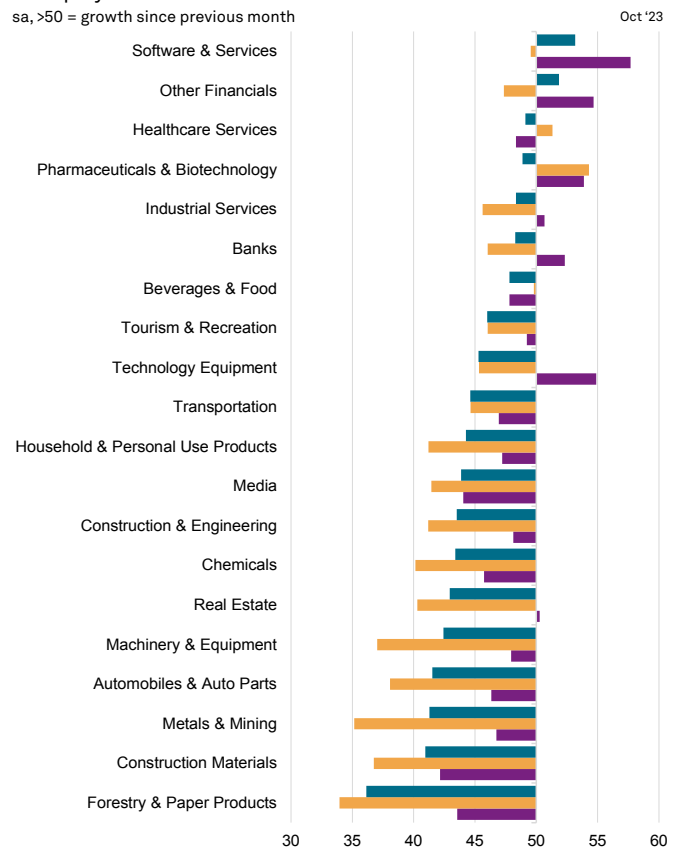
Labour market resilience dwindled further in October as only seven monitored sub-sectors recorded job creation. Greater employment was almost entirely driven by service sectors, with Technology Equipment the only pure manufacturing-based sub-sector to register increased staffing numbers.

Europe Sector PMI Business Activity Index



Source: S&P Global PMI.

Output Index  
New Orders Index  
Employment Index

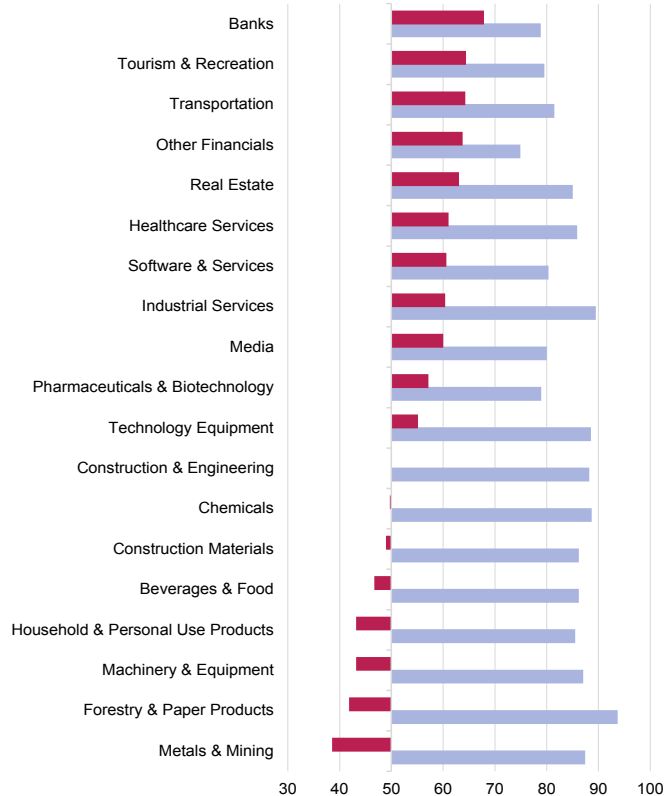


Source: S&P Global PMI.

Input Prices Index

■ Oct '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.

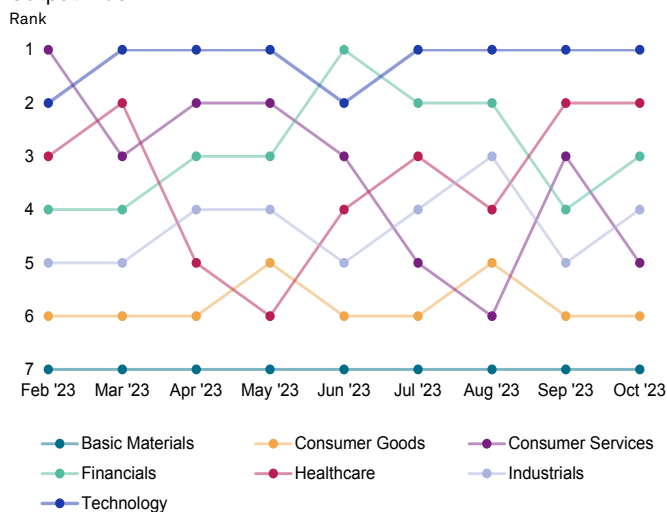
For further information on the PMI survey methodology, please contact [economics@spglobal.com](mailto:economics@spglobal.com).

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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. [www.spglobal.com/marketintelligence/en/mi/products/pmi](http://www.spglobal.com/marketintelligence/en/mi/products/pmi)