

News Release

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S&P Global Europe Sector PMI®

More sectors register higher output in December, led by Technology Equipment

Key findings

Eight sectors record expansion, up from just two in November

Technology and pharmaceuticals lead growth rankings at end of 2022

Cost pressures weakest in basic materials and non-food consumer goods

The final batch of S&P Global Europe Sector PMI® data for 2022 showed more sectors achieving growth of output in December, after a near-universal downturn in November. Eight sectors registered higher activity, the highest total since last June. Less positively, only three sectors posted higher new business in January, just one more than in November.

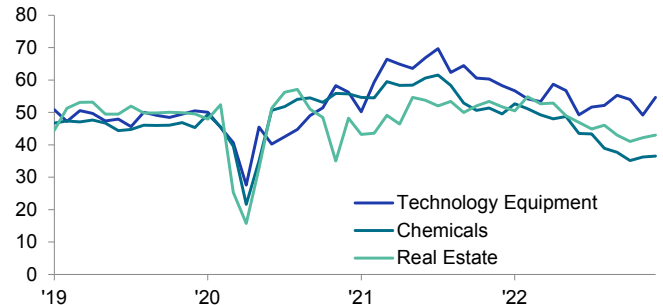
The fastest expansions in the final month of 2022 were seen in Technology Equipment, Pharmaceuticals & Biotechnology and Software & Services, respectively. These were also the best performers across 2022 as a whole. Indeed, Technology has been the best-performing among the eight broad sector groupings five times in the second half of 2022. Other detailed sectors to record growth in December were Tourism & Recreation (first increase in activity in five months), Machinery & Equipment, Beverages & Food, Industrial Services and Other Financials. Meanwhile, output stabilised in Automobiles & Auto Parts, following a nine-month sequence of decline.

At the foot of the European sector league table in December were the three constituents of the Basic Materials group. Chemicals registered the strongest rate of decline for the third successive month, followed by Forestry & Paper Products and Metals & Mining. Real Estate remained the lowest-ranked services sector, in sixteenth place overall.

December data revealed a further general easing of cost inflationary pressure across a range of sectors. Out of 20 sectors in total, 13 registered weaker increases in input prices, while costs even fell in Forestry & Paper Products. The other two constituents of the Basic Materials group – Chemicals and Metals & Mining – registered the slowest rates of inflation, followed by Household & Personal Use Products and Automobiles & Auto Parts. The strongest increases in input prices were recorded in Technology Equipment, Banks, Pharmaceuticals & Biotechnology and Real Estate. Generally, rates of inflation have fallen furthest from their 2022 peaks in manufacturing sectors and, in services, Transportation.

Europe Sector PMI Business Activity Index

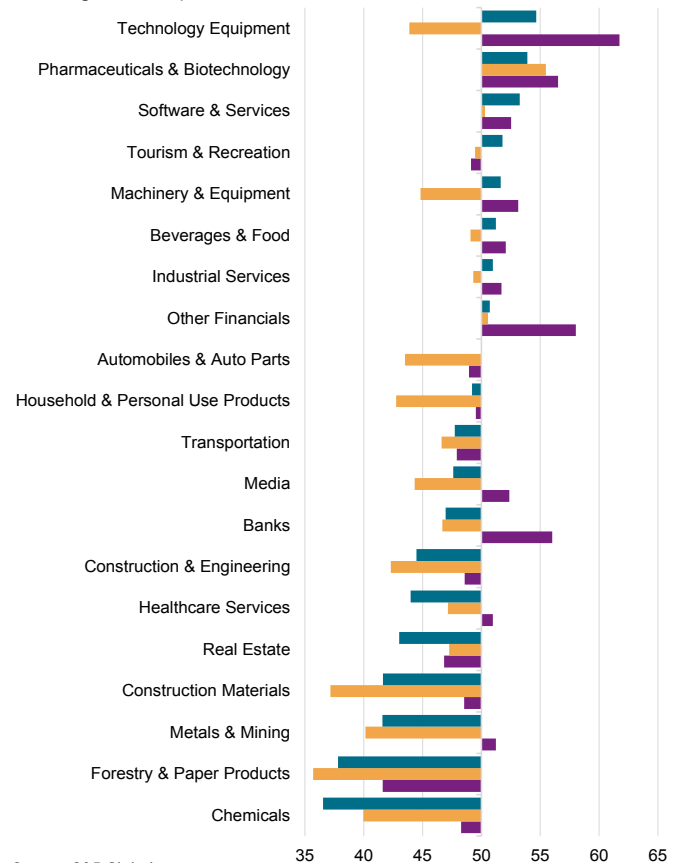
sa, >50 = growth since previous month



Source: S&P Global.

Output Index
New Orders Index
Employment Index

sa, >50 = growth since previous month



Source: S&P Global.

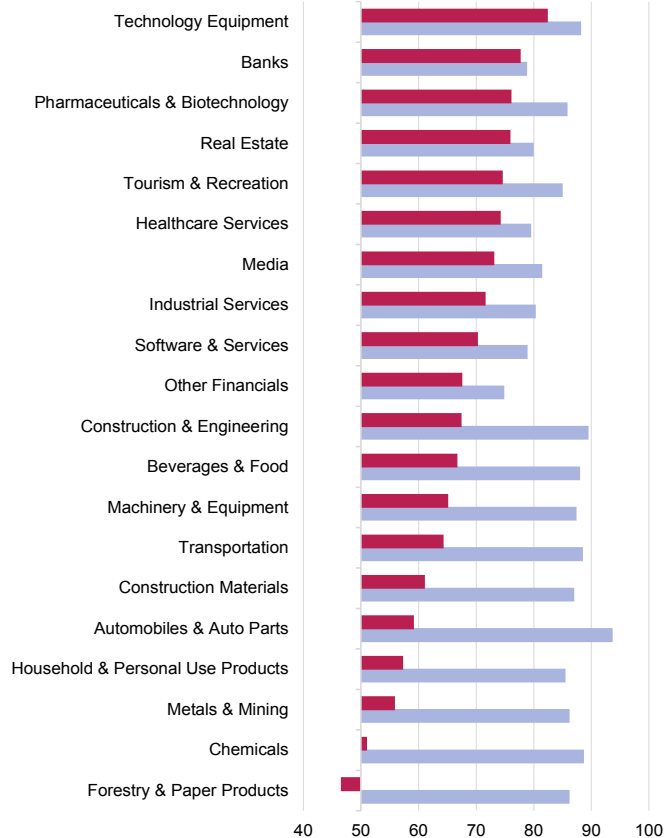
PMI®

by S&P Global

Input Prices Index

■ Dec '22 ■ 2022 high

sa, >50 = inflation since previous month



Source: S&P Global.

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.

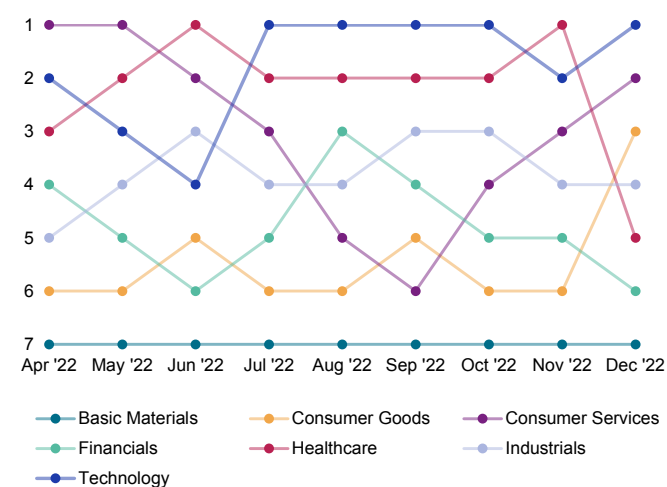
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Output Index

Rank



Source: S&P Global.

Contact

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
T: +44-20-7260-2329
chris.williamson@spglobal.com

Sabrina Mayeen
Corporate Communications
S&P Global
T: +44 (0) 7967 447030
sabrina.mayeen@spglobal.com

Trevor Balchin
Economics Director
S&P Global Market Intelligence
T: +44-1491-461-065
trevor.balchin@spglobal.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. ihsmarkit.com/products/pmi.html.