

News Release

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S&P Global Europe Sector PMI®

Weaker trends in output and new orders seen across majority of European sectors in June

Key findings

Tourism & Recreation sees notable slowdown

Pharmaceuticals best performer in June

Financials categories see sharp drop off in demand

The latest detailed S&P Global Europe Sector PMI® signalled some noticeable momentum loss in output performance across swathes of the European economy during June. Out of 20 monitored sectors, 17 registered weaker headline output readings when compared to May.

The biggest momentum loss was seen in the Tourism & Recreation sector, where the respective output index plunged more than 12 points as the bounce in activity related to reduced COVID-19 restrictions began to fade. Nonetheless, the sector continued to experience some growth and was one of eight categories that registered a rise of output in June. The strongest performer in terms of pure growth was Pharmaceuticals, where the rate of expansion hit an 11-month high.

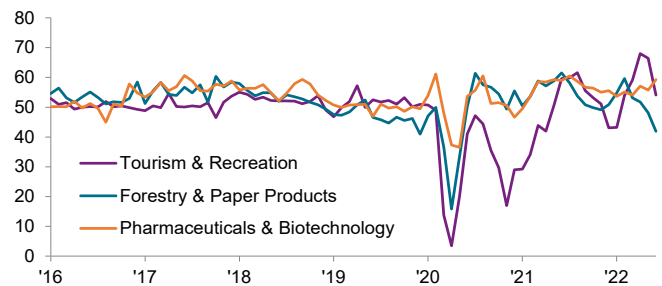
The general downward trend in output indices reflected similar developments in order books. Of note was a sizeable shift from growth to contraction in the financials categories (Banks, Other Financials and Real Estate) and the Technology Equipment sector. Tourism & Recreation saw growth plunge to a five-month low. As with output, the lowest PMI readings for new orders tended to be found in Basic Materials sub-categories.

Meanwhile, latest prices data showed that inflation remained prevalent across the European economy with all sectors experiencing elevated cost pressures. However, in a positive sign that some of these pressures may be dissipating in the supply-chain there were some notably lower PMI Input Price readings in the Basic Materials sub-categories of Chemicals, Forestry & Paper Products and Metals & Mining. Similar developments were seen in output charges.

Finally, capacity pressures generally softened across the European economy, although nine sectors continued to experience rising levels of work outstanding as input and labour shortages persisted. 16 sectors subsequently saw employment growth in June, led by Technology Equipment, Pharmaceuticals and Machinery & Equipment. Job losses were however widely seen in Chemicals and Forestry & Paper Products.

Europe Sector PMI Business Activity Index

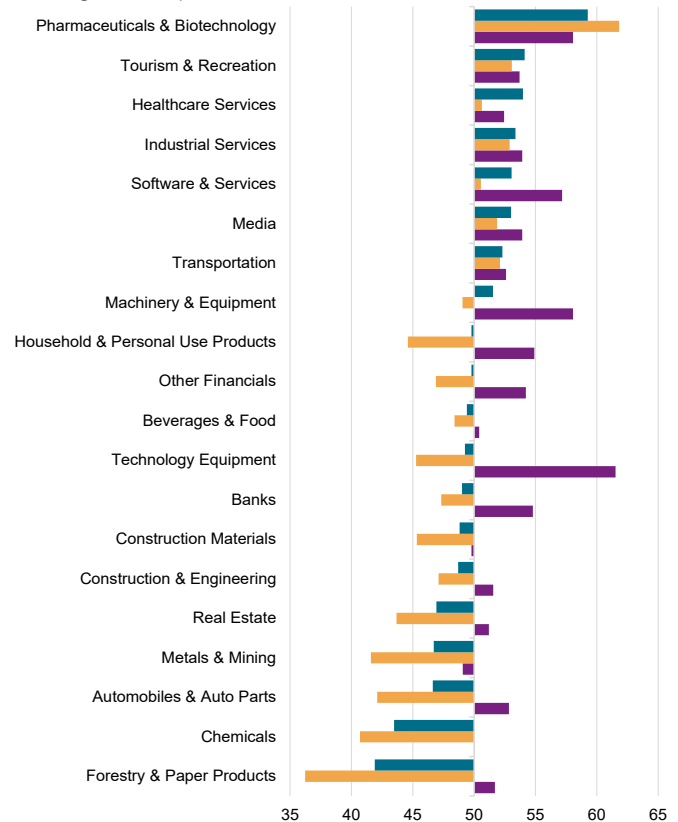
sa, >50 = growth since previous month



Source: S&P Global.

Output Index
New Orders Index
Employment Index

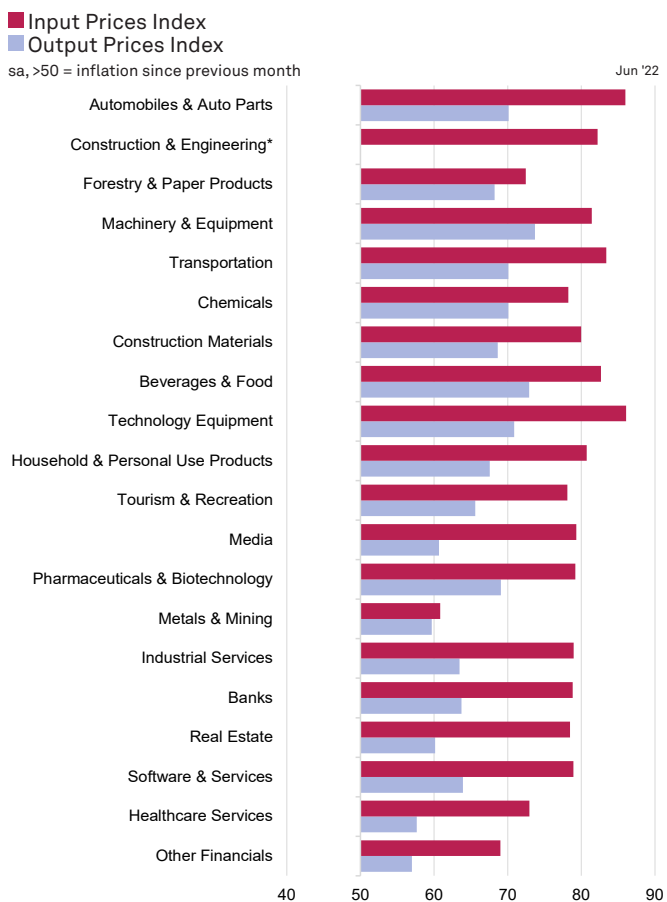
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Source: S&P Global.

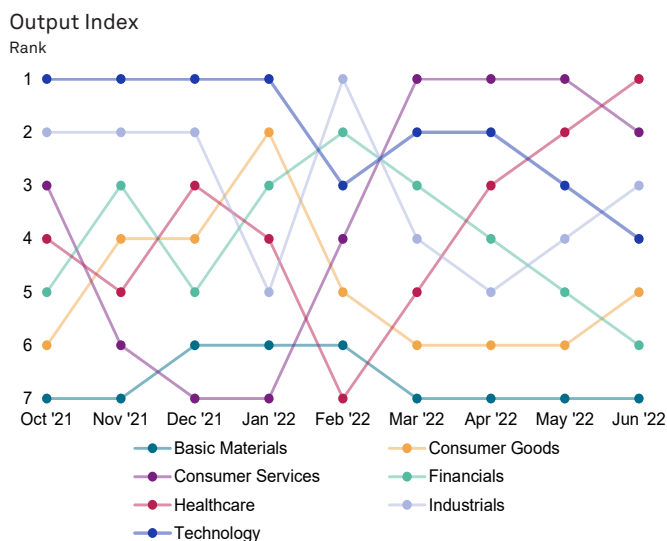
PMI®

by S&P Global



Source: S&P Global.

*Output Prices Index not available.



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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