

IHS Markit Europe Sector PMI®

Fastest drop in European tourism & recreation activity since April

Key findings

More sectors register falling output than growth in November as virus restrictions tightened

Clear divergence between manufacturers and service providers

Sentiment improves across most sectors in November

The latest detailed European sector PMI® data indicated that a majority of sectors – mostly located in the broad service sector – suffered falling activity in November, as business was again disrupted by the tightening of restrictions across the continent as governments battled a second wave of the coronavirus disease 2019 (COVID-19). That said, a number of manufacturing sectors registered strong increases in production and sentiment mostly improved since October on positive vaccine developments.

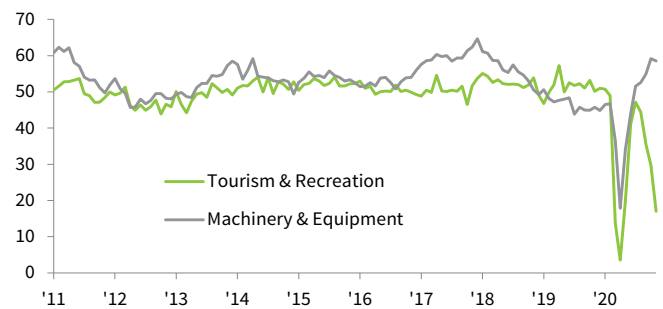
Tourism & recreation posted by far the steepest drop in activity of all sectors in November, and the fastest decline since April. Ten more sectors registered lower output during the month, outnumbering the nine sectors that recorded growth. This was the first time a majority of sectors had been in contraction since May. Seven of the bottom eight sectors were located in the service sector, the exception being beverages & food.

In stark contrast, the top six sectors were all located in manufacturing, led by machinery & equipment, technology equipment and metals & mining respectively. Only two pure services sectors registered growth in November: banks and software & services.

Underlining the divergent output trends across in the European economy, the gap between the top- and bottom-ranked sector output indices was, at 41.6 points, the largest ever recorded (since 1998). Since March, this gap has averaged 29.5 points, greater than the pre-coronavirus record of 26.9 points set in January 2009.

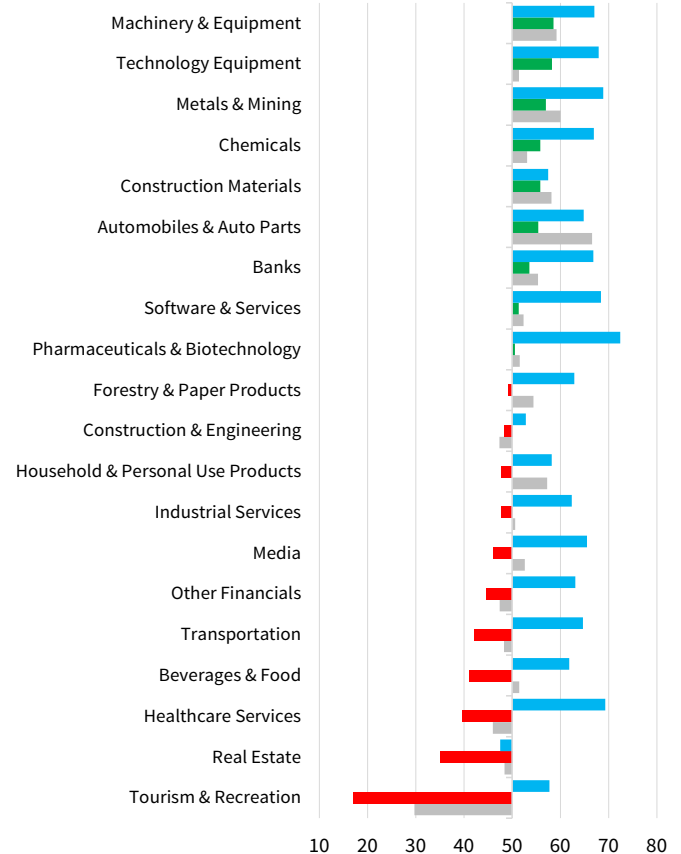
The November data on output expectations were more positive, however. All but three sectors registered stronger confidence than in October, with overall optimism the highest in pharmaceuticals & biotechnology, healthcare services and metals & mining. The weakest sentiment was in real estate and construction & engineering.

Europe Output Index
sa, >50 = growth since previous month



Source: IHS Markit.

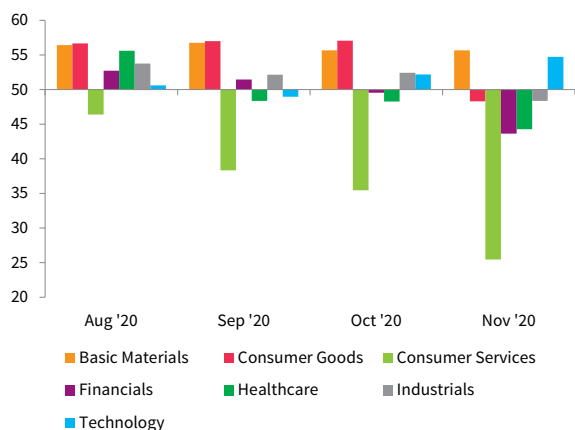
Output Index, Nov '20 / Oct '20
Future Output Index*, Nov '20
sa, >50 = growth since previous month / *>50 = growth expected over next 12 months



Source: IHS Markit.

Output Index

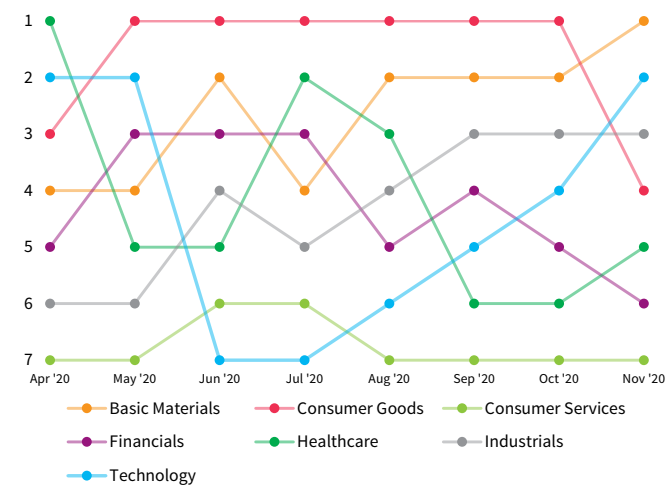
sa, >50 = growth since previous month



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. ihsmarkit.com/products/pmi.html

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