Autos and chemicals drive manufacturing-led output growth in July

Key findings

Fastest expansion of global autos output since November 2017

Four other pure manufacturing sectors in top six rankings, led by chemicals

Six sectors record lower output in July

The July sector PMI™ data from IHS Markit signalled that the majority of sectors achieved growth of output at the start of the second half of 2020, as governments continued to ease restrictions brought in to contain the coronavirus disease 2019 (COVID-19) pandemic.

Global Sector PMI indices are compiled from responses to questionnaires sent to purchasing managers in IHS Markit’s global PMI survey panels. Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials, technology and telecommunication services industry groups, and sub-sectors of these groups.

Out of 21 sectors monitored, 15 recorded expansion in July, up from four in June. Automobiles & auto parts registered the fastest rate of growth, with the strongest rise in production since November 2017. Chemicals was ranked second, with growth at a 31-month high, followed by pharmaceuticals & biotechnology which saw the strongest expansion since December 2018. Three manufacturing sectors completed the top six — household & personal use products, construction materials and forestry & paper products. Healthcare services and banks were the fastest-growing pure service sectors. Six sectors registered further declines in output in July. Other financials displaced technology equipment as the fastest-contracting sector, followed by tourism & recreation.

Although the majority of sectors recorded higher output in July, all but three continued to cut employment. Only real estate, healthcare services and pharmaceuticals & biotechnology registered higher staffing in July. The strongest rate of job shedding was in metals & mining, followed by automobiles & auto parts.
Methodology
The IHS Markit Global Sector PMI™ indices are compiled by IHS Markit from responses to questionnaires sent to purchasing managers in IHS Markit’s global PMI survey panels, covering over 27,000 private sector companies in more than 40 countries. IHS Markit maps individual company responses to industry sectors according to standard industry classification (SIC) codes. Global Sector PMI indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials, technology and telecommunication services 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 are then seasonally adjusted.

For manufacturing sectors, the headline figure is the Purchasing Managers’ Index™ (PMI). The PMI is a weighted average of 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.

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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