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IHS Markit Global Sector PMI™

Technology equipment ends 2020 as fastest-growing global sector

Key findings

Strongest rise in technology equipment output since February 2017

15 sectors register higher output in December, three less than in November

Tourism & recreation and transportation are worst-performing sectors in December

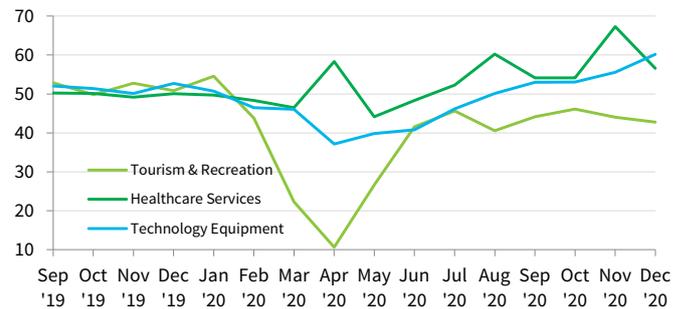
The latest Global Sector PMI™ data from IHS Markit signalled higher output in 15 out of 21 sectors in December, the lowest total in three months. The stand-out performer in the latest period was technology equipment, which recorded the strongest growth in production since February 2017 and topped the rankings for the first time since April 2017. Healthcare services posted the second-fastest rate of expansion, albeit one much slower than November's record. At the other end of the rankings was tourism & recreation, which has been the bottom- or second-bottom ranked sector for the past ten months, followed by transportation.

Only six sectors registered stronger rates of growth in activity in December: chemicals, forestry & paper products, metals & mining, other financials, industrial services and technology equipment.

Over 2020 as a whole, the only sectors to record an average output index reading above 50 were healthcare services and pharmaceuticals & biotechnology. Following these sectors, the next-highest ranked sectors were banks, beverages & food, chemicals and automobiles & auto parts. Tourism & recreation registered by far the steepest drop in activity, followed by transportation, media, software & services, telecommunication services and insurance.

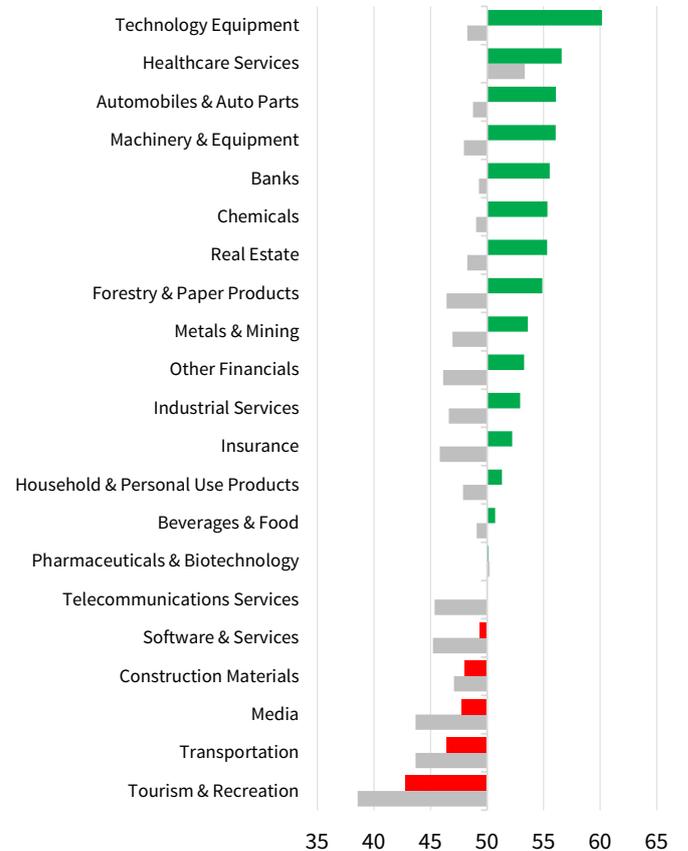
Looking ahead to 2021, the strongest expectations for business activity in December were seen in software & services, healthcare services, machinery & equipment, chemicals and tourism & recreation. The weakest outlook for activity was in insurance, followed by media and real estate.

Global Output / Business Activity Index
sa, >50 = growth since previous month



Source: IHS Markit.

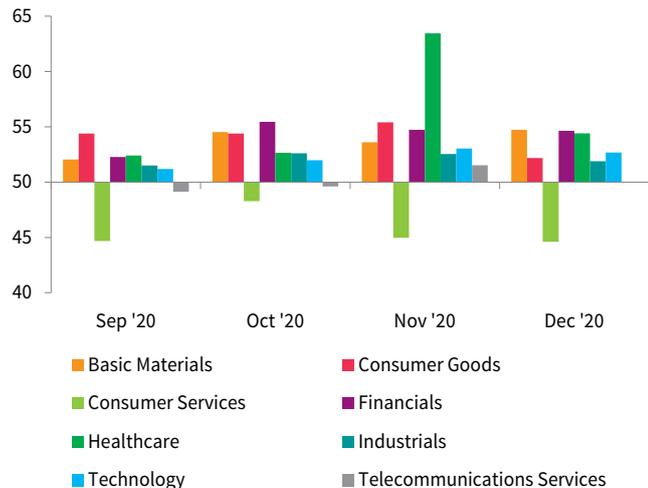
Output Index, Dec '20 / 2020
sa, >50 = growth since previous month



Source: IHS Markit.

Global Output Index

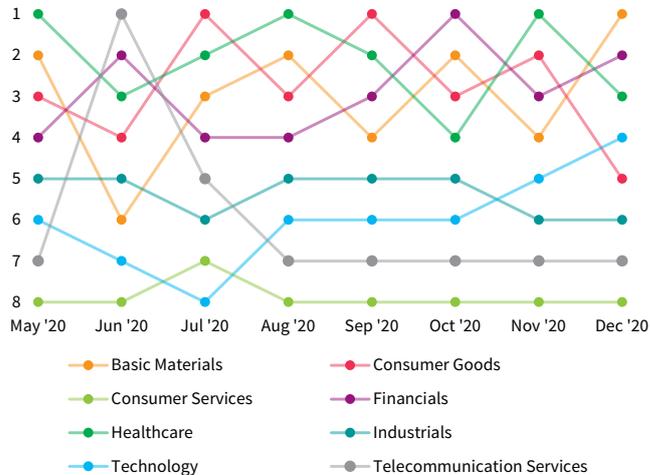
sa, >50 = growth since previous month



Source: IHS Markit.

Global Output Index

Rank



Source: IHS Markit.

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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 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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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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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