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IHS Markit Asia Sector PMI™

More sectors record output growth in July, led by pharmaceuticals and chemicals

Key findings

Seven sectors record output growth in July, highest total since January

Consumer goods output rises for first time since November 2019

Marked decline in software & services activity

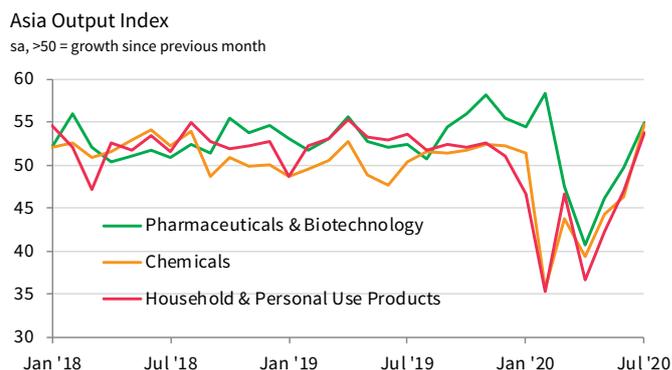
The July Asia sector PMI™ data from IHS Markit signalled that more sectors returned to growth territory at the start of the second half of 2020. Seven sectors registered rising output, the highest total since January. Less positively, a number of sectors recorded faster rates of decline than in June.

Asia Sector PMI indices are compiled from responses to questionnaires sent to purchasing managers in IHS Markit's Asian PMI survey panels, covering over 6,000 private sector companies in 13 countries. 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.

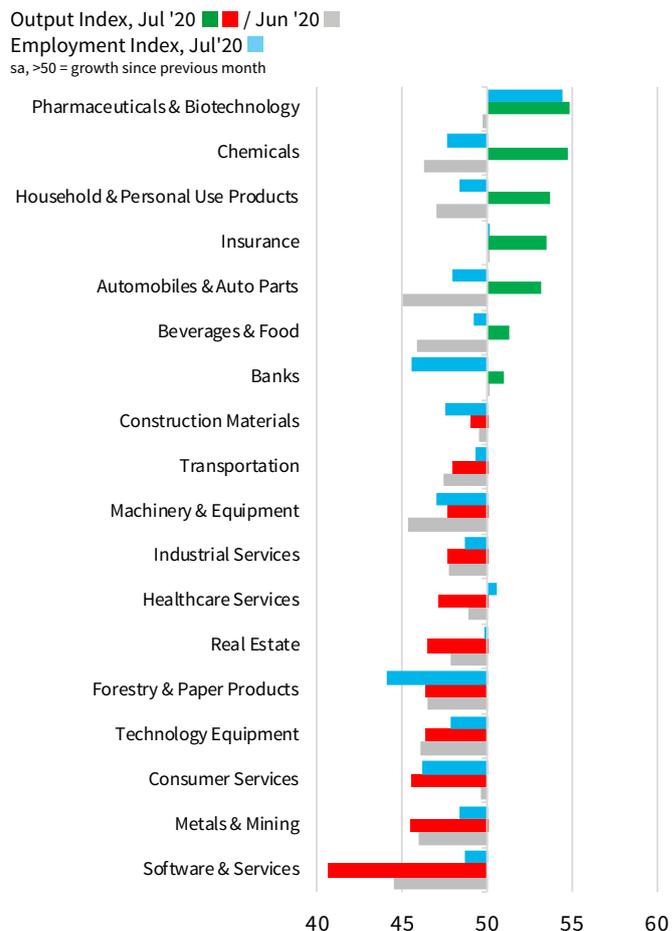
The strongest rate of output growth was recorded in **pharmaceuticals & biotechnology**, followed by **chemicals** and **household & personal use products** respectively. **Insurance** was the fastest-growing pure service sector, in fourth place overall. **Automobiles & auto parts** registered growth for the first time in eight months, while only weak rates of expansion were seen in **beverages & food** and **banks**. At the broad industry group level, **consumer goods** production rose for the first time in eight months.

Software & services registered the strongest decline in activity of all sectors monitored, with the Business Activity Index falling to broadly equal the trend level set for 2020 so far. Other sectors to record faster declines since June included **metals & mining**, **consumer services**, **real estate**, **healthcare services** and **construction materials**.

All sectors recorded lower employment in July except for **pharmaceuticals & biotechnology**, **healthcare services**, and **insurance**.



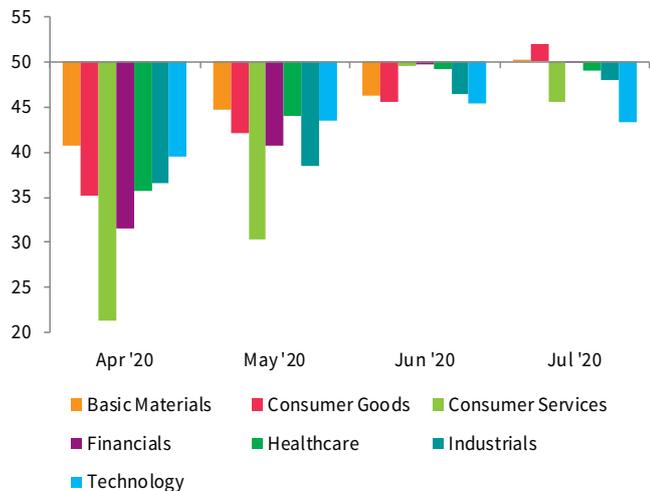
Source: IHS Markit.



Source: IHS Markit.

Asia Output Index

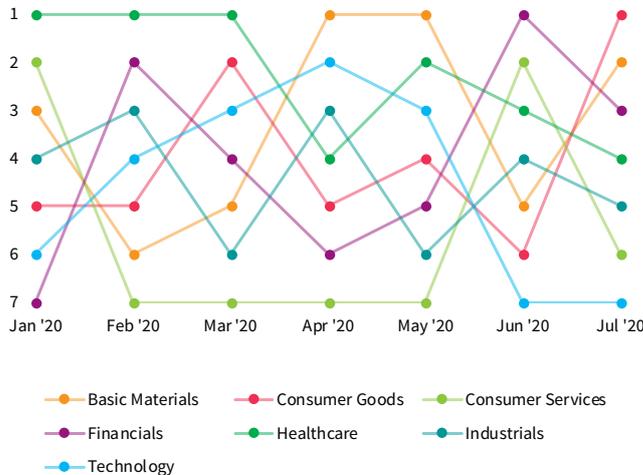
sa, >50 = growth since previous month



Source: IHS Markit.

Asia Output Index

Rank



Source: IHS Markit.

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Methodology

The IHS Markit Asia Sector PMI™ indices are compiled by IHS Markit from responses to questionnaires sent to purchasing managers in IHS Markit's Asian PMI survey panels, covering over 6,000 private sector companies in 13 regions.

IHS Markit maps individual company responses to industry sectors according to standard industry classification (SIC) codes. Asia 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 IHS Markit

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.
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