

News Release

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IHS MARKIT US SECTOR PMI™

Consumer service providers signal sharpest drop in activity of all sectors in February

KEY FINDINGS

Consumer services, basic materials and technology firms all record lower business activity

Financials remains the best-performing category, but expansion slows since January

Consumer goods, healthcare and industrials record sustained output growth

US Sector PMI™ indices are compiled from responses to questionnaires sent to purchasing managers in IHS Markit's US manufacturing and services PMI survey panels, covering over 1,000 private sector companies. Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology sectors.

February data indicated that business activity decreased in three of the seven broad categories monitored by the US Sector PMI, with **consumer services** recording the fastest rate of decline. This category experienced its sharpest drop in business activity since the index began in October 2009.

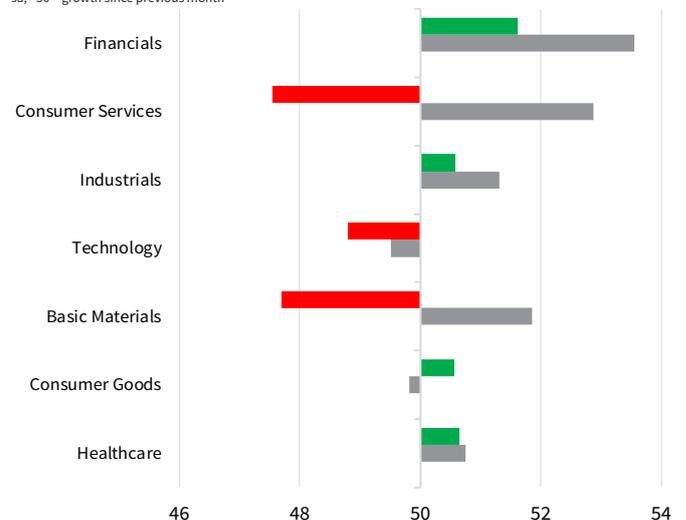
Basic materials also recorded a marked reduction in output volumes in February, with the pace of contraction the sharpest since May 2016. The only other category to register a drop in business activity was **technology** firms, although the rate of decline was only marginal.

At the other end of the scale, business activity increased again in the **financials** category. Despite recording a slowdown in growth since January, financials remained the best-performing sector monitored by the survey.

Marginal rates of business activity expansion were signalled by companies operating in the **consumer goods**, **healthcare** and **industrials** categories.

Output Index / Employment Index, Feb'20

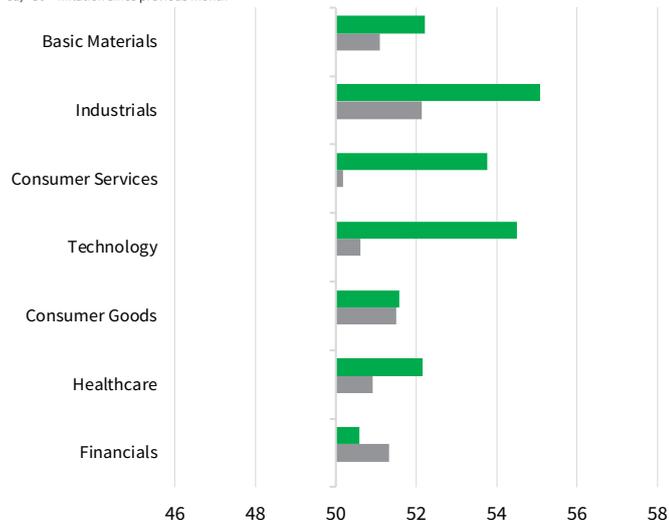
sa, >50 = growth since previous month



Source: IHS Markit

Input Prices Index / Prices Charged Index, Feb'20

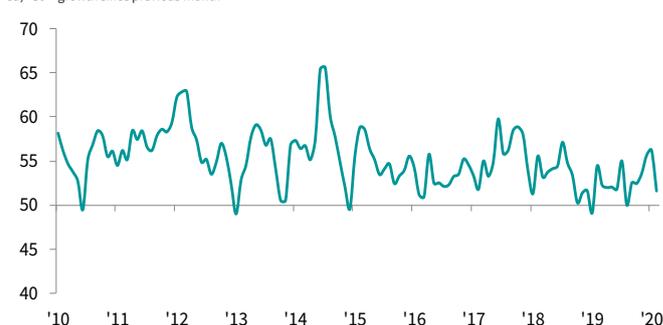
sa, >50 = inflation since previous month



Source: IHS Markit

US Financials Business Activity Index

sa, >50 = growth since previous month



Source: IHS Markit

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Methodology

The IHS Markit US Sector PMI™ indices are compiled by IHS Markit from responses to questionnaires sent to purchasing managers in IHS Markit's US manufacturing and services PMI survey panels, covering over 1,000 private sector companies.

IHS Markit maps individual company responses to industry sectors according to standard industry classification (SIC) codes. US Sector PMI indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology sectors.

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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