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# IHS Markit Asia Sector PMI™

## Technology equipment output rises at fastest rate in two-and-a-half years in December

### Key findings

Technology equipment producers top Asian sector rankings for first time since June 2018

Four sectors record renewed declines in output in December

Pharmaceuticals & biotechnology was top-ranked sector in 2020, followed by healthcare services

Asia PMI™ data at the detailed sector level revealed a marked rise in technology equipment production in the region during December, helping to offset renewed declines in activity in a number of other sectors. Overall, 11 out of 18 sectors registered higher output at the end of the year, down from 15 in November.

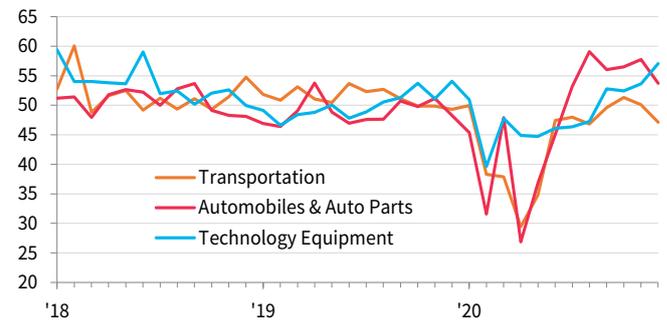
Asian technology equipment producers registered the fastest rise in output since June 2018 in December, and the sector also topped the rankings for the first time over the same period. It was one of only four sectors to record an acceleration in growth since November, the others being healthcare services, machinery & equipment and metals & mining. These sectors also occupied the top rankings.

Meanwhile, renewed declines in activity were registered in transportation, consumer services, pharmaceuticals & biotechnology and beverages & food. Construction materials registered the strongest rate of decline overall.

Trend data for 2020 as a whole showed that only pharmaceuticals & biotechnology registered growth, and at a marginal rate (Output Index average of 50.2). The next-highest ranked sector for the year was healthcare services (49.8), followed by chemicals (49.6) and insurance (49.4).

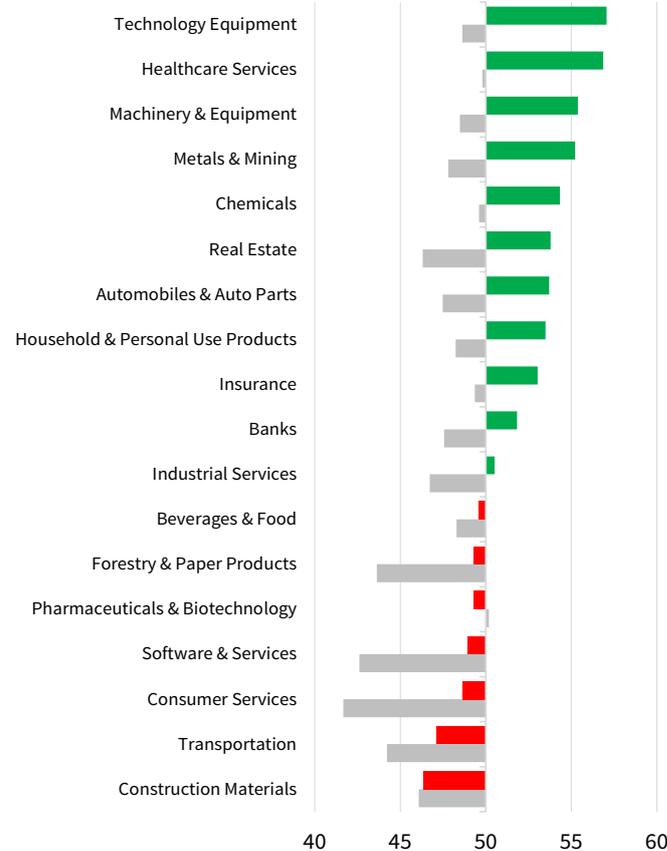
Looking ahead to 2021, the strongest output expectations in December were in software & services, followed by machinery & equipment, beverages & food, construction materials, industrial services and transportation. The weakest sentiment was in consumer services, followed by healthcare services and pharmaceuticals & biotechnology.

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



Source: IHS Markit.

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



Source: IHS Markit.

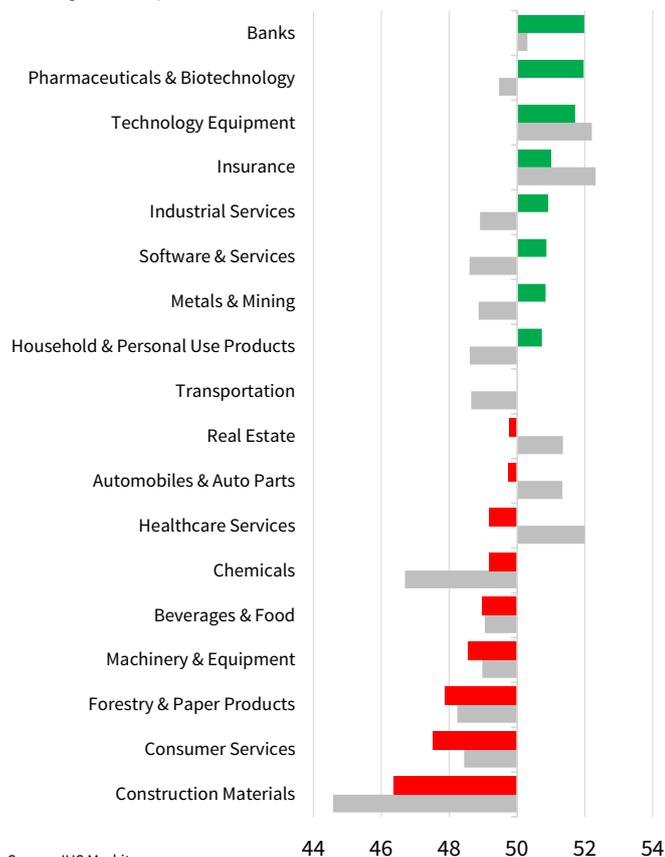
## Employment

With an increasing number of sectors reporting rising business activity, Asia Sector PMI data also indicated an improving employment trend. The number of sectors indicating a rise in workforce numbers rose from six in September to eight in October, the highest for nine months.

**Banks** and **pharmaceuticals & biotechnology** jointly led the detailed sector rankings in October, followed by **technology equipment**, reflecting the demand for manpower in these sectors. Meanwhile, firms operating in **industrial services**, **software & services**, **metals & mining**, and **household & personal use products** reported job creation following a decline in September.

Meanwhile, **consumer services** and **construction materials** registered the two strongest declines in employment of all sectors monitored during October as ongoing social distancing measures continued to restrain both construction and consumer-facing activity.

Employment Index, Oct '20 ■ /Sep '20 ■  
 sa, >50 = growth since previous month



Source: IHS Markit.

## Banks

### Banking activity growth hits eight-year high as demand strengthens

Banks registered the fastest rate of growth of any sector in October, and was among the top-ranked sectors for a second month running. The rate of expansion in banking activity quickened from September and was the strongest for eight years.

The upturn in output was accompanied by another marked growth in new orders. Inflows of new business rose at the fastest pace since February 2017, with anecdotal evidence indicating that economic recoveries, greater confidence and a sustained move towards normal market conditions all supported demand for banking services.

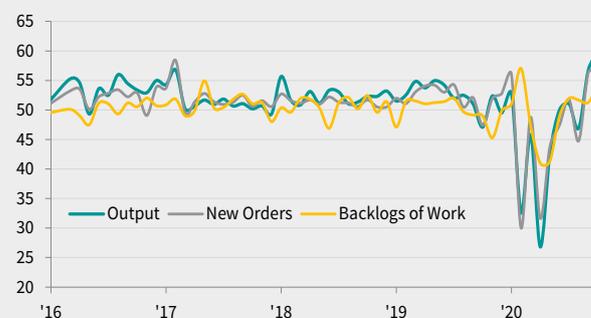
Sharp increases in sales put pressure on firms' operating capacity, leading to a further and faster accumulation of backlogs, with the rate of increase the sharpest for eight months. Consequently, banks scaled up their hiring to cope with higher workloads, with employment up for a second straight month during October. While modest, the rate of increase in workforce numbers was the fastest for just over three years.

A greater proportion of Asian banks anticipated activity to rise over the coming year, lifting business confidence to the strongest since mid-2019. Higher sales projections, expectations of a sustained economic recovery and marketing activity were all reasons supporting optimism. That said, some respondents raised concerns relating to the resurgence in global infection cases, a peaking of banking services demand and financial market uncertainty.

The survey also indicated a rising price trend, with input price inflation the strongest since July 2019. Output charges meanwhile rose marginally in October.

Banks

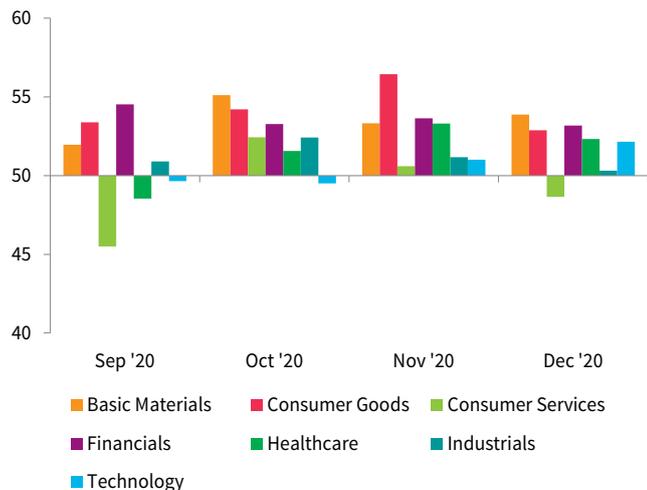
sa, >50 = growth since previous month



Source: IHS Markit.

Asia Output Index

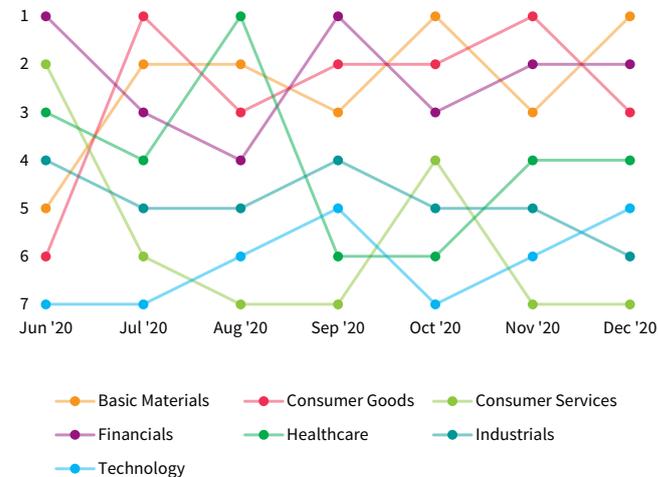
sa, >50 = growth since previous month



Source: IHS Markit.

Asia Output Index

Rank



Source: IHS Markit.

Contact

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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](mailto: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.  
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