

News Release

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IHS MARKIT US SECTOR PMI™

Majority of US sectors record slower rates of decline in May

KEY FINDINGS

Only basic materials records faster decline than in April

Consumer goods and services see downturn moderate most

Technology registers steepest overall pace of contraction

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.

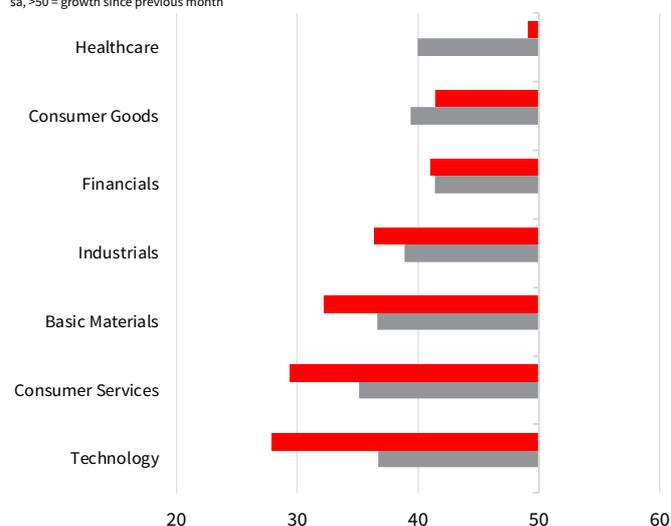
The latest survey data, collected 12-28 May, pointed to a steep downturn across all areas of the US private sector economy with the exception of **healthcare**. May data signalled that healthcare activity fell slightly, after posting a survey-record expansion amid the COVID-19 pandemic in April.

A gradual easing of social distancing and stay-at-home measures helped to ease the rates of contraction seen across the consumer segments during May. The **consumer services** and **consumer goods** sectors recorded much softer declines in business activity than in the previous month. Similar patterns were signalled in **financials** and **industrials**, with the downturns in business activity across both categories moderating from April's survey records.

Technology was at the bottom of the table for business activity momentum with the rate of decline little-changed from April. Survey respondents suggested that deep cuts to corporate spending had contributed to a sharp fall in demand during May.

The **basic materials** category was an outlier in May, with the decline in output accelerating to its fastest since the series began in October 2009. This was linked to reduced production requirements across the global manufacturing sector and lower energy sector investment spending.

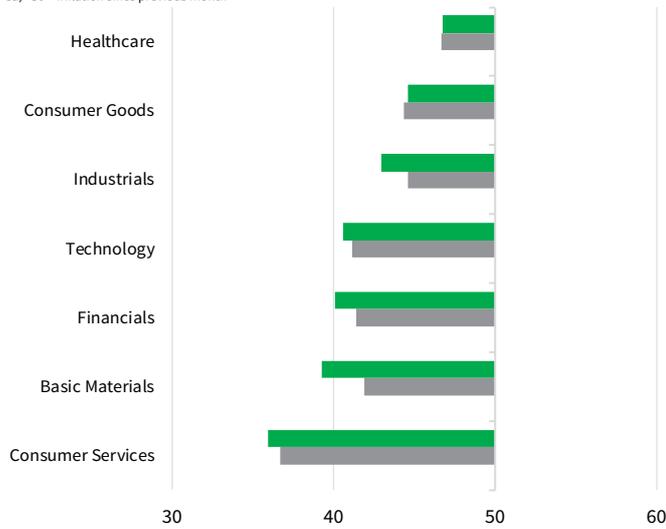
Output Index / Employment Index, May '20
sa, >50 = growth since previous month



Source: IHS Markit

Input Prices Index / Prices Charged Index, May '20

sa, >50 = inflation since previous month



Source: IHS Markit

US Consumer Services: Business Activity Index

sa, >50 = growth since previous month



Source: IHS Markit

CONTACT

IHS Markit

Chris Williamson
 Chief Business Economist
 T: +44-20-7260-2329
chris.williamson@ihsmarkit.com

Tim Moore
 Director
 T: +44-1491-461-067
tim.moore@ihsmarkit.com

Katherine Smith
 Corporate Communications
 T: +1 (781) 301-9311
katherine.smith@ihsmarkit.com

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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