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## IHS MARKIT US SECTOR PMI™

### Basic materials output contracts for first time since May 2016

#### KEY FINDINGS

Marginal decline in basic material production

Upturn in consumer services output fastest since last April

Technology activity increases at weakest rate for nine months

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.

Firms in the **basic materials** sector registered the first fall in output since May 2016 in December, according to the US Sector PMI™. Moreover, the sector was the worst performing of those monitored by the survey and the only one to signal a downturn in production.

The **consumer services** sector signalled a further pick-up in growth momentum, with the rate of expansion accelerating for the fourth month running. The rise in activity was the fastest for eight months and indicated the strongest performance among the monitored sectors. Similarly, **industrials** firms registered a strong and accelerated increase in production.

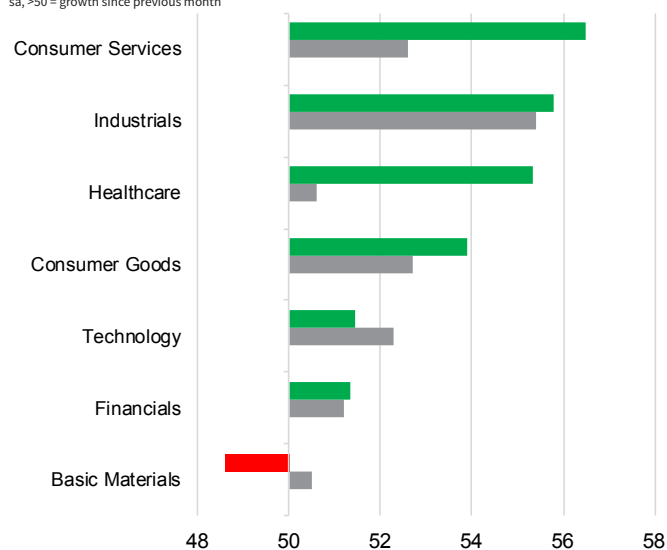
Conversely, the **technology** and **consumer goods** sectors signalled the weakest respective output expansions since March. Although solid overall, the rate of growth among **consumer goods** firms was one of the weakest in 2018.

Meanwhile, softer output growth was registered in the **financials** sector. The marginal rise in business activity was the second-weakest since January 2018.

**Healthcare** firms also signalled a slowdown in activity growth, with the upturn easing from October's 44-month high to the slowest in three months.

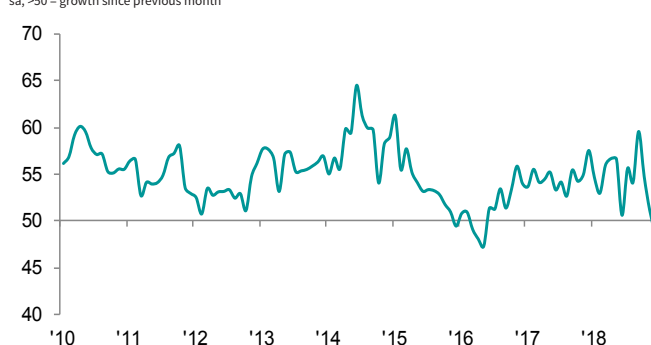
Output Index / Employment Index, Dec'18

sa, >50 = growth since previous month



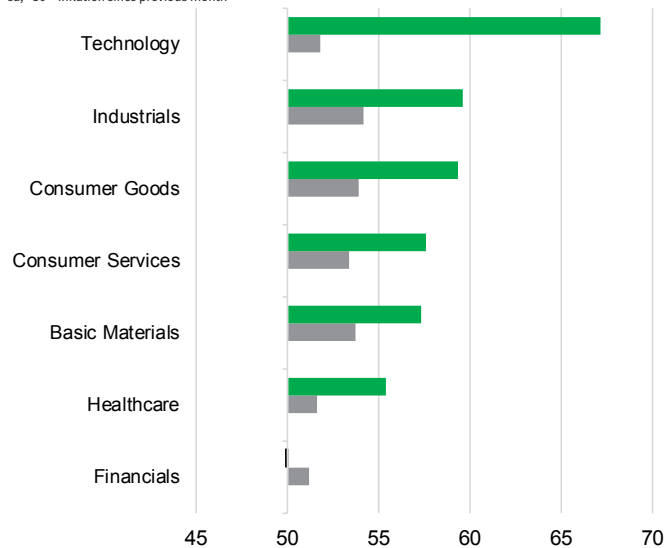
US Basic Materials Activity Index

sa, >50 = growth since previous month



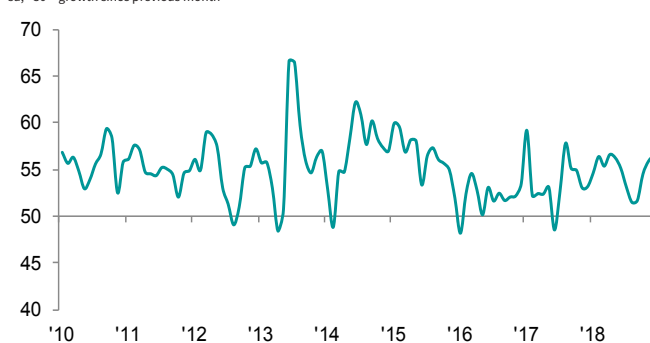
Input Prices Index / Prices Charged Index, Dec'18

sa, >50 = inflation since previous month



US Consumer Services Output Index

sa, >50 = growth since previous month



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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](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. To learn more go to [ihsmarkit.com/products/pmi.html](http://ihsmarkit.com/products/pmi.html).

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