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IHS MARKIT US SECTOR PMI™

Healthcare activity expansion accelerates to fastest since February 2015

KEY FINDINGS

Sharp upturn in healthcare output

Industrials production growth quickens to joint-strongest since June

Financials activity increases at weakest rate in current nine-month sequence of expansion

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.

October data signalled a sharp expansion in **healthcare** activity, according to the US Sector PMI™. Growth accelerated from September's recent low to the fastest since February 2015. Moreover, the upturn in the healthcare sector was the strongest of the seven monitored segments.

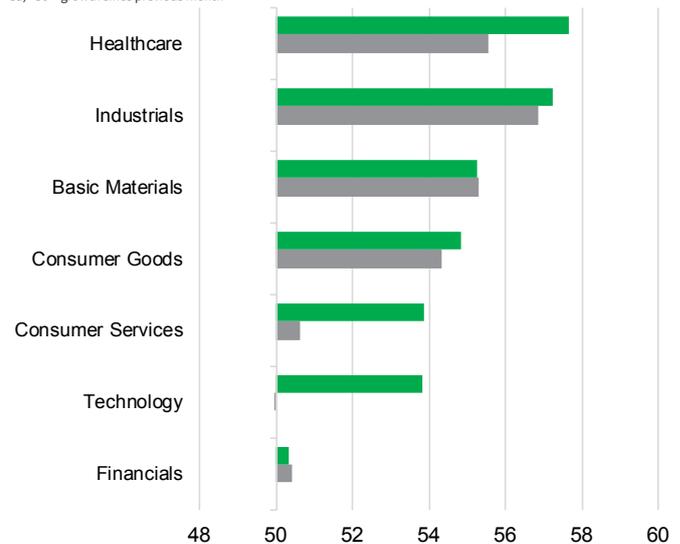
Firms in the **industrials** sector also registered a steep increase in output during October. The quicker expansion was the joint-fastest since June. Similarly, **consumer services** reported a pick up in the rate of activity growth to a four-month high.

Although the **financials** sector indicated a ninth successive month of output growth, the rate of the expansion eased to only a fractional pace that was the weakest in the aforementioned sequence. It was also slowest among the monitored sectors.

Similarly, the **technology** sector registered a solid, albeit softer rise in activity.

Meanwhile, growth momentum also softened in the **basic materials** and **consumer goods** sectors. Nonetheless, expansions in both remained strong overall.

Output Index / Employment Index, Oct'18
sa, >50 = growth since previous month



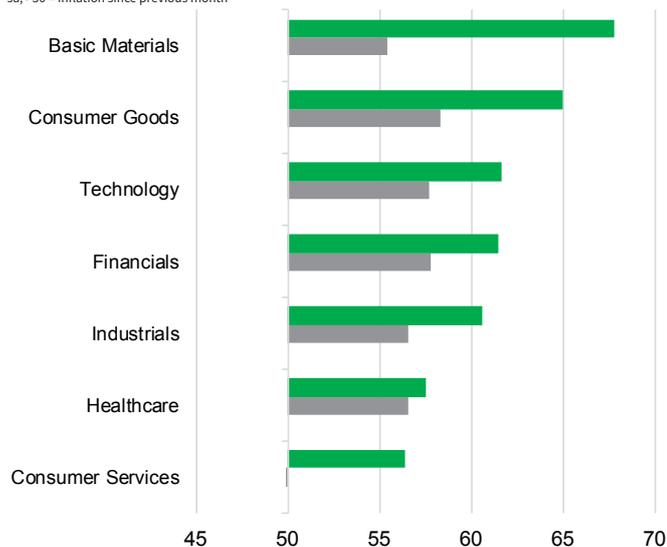
US Healthcare Activity Index

sa, >50 = growth since previous month



Input Prices Index / Prices Charged Index, Oct'18

sa, >50 = inflation since previous month



US Industrials 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.

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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.

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