

IHS Markit Asia Sector PMI™

Chemicals registers strongest output growth among Asian sectors in May

Key findings

Strong expansions also seen in Machinery & Equipment, Insurance and Automobiles & Auto Parts

Consumer services activity falls following three-month sequence of growth

Inflationary pressures strongest in manufacturing-related sectors

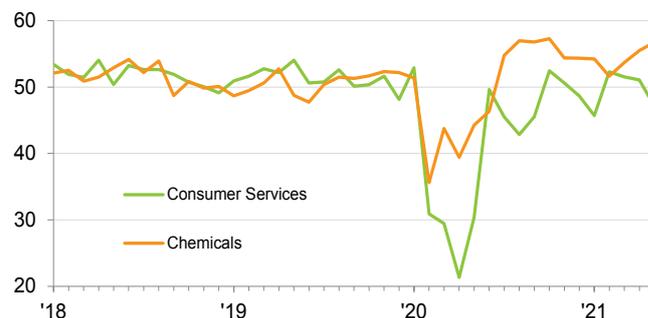
The latest Asia PMI™ sector data from IHS Markit indicated growth of output in 15 out of 18 sectors in May, one fewer than in April. The fastest rate of expansion was in Chemicals, where growth accelerated for the third month running to the strongest since October 2020. The next-fastest growing sectors were Machinery & Equipment, Insurance, Automobiles & Auto Parts and Software & Services. The latter sector gained seven rankings since April, more than any other sector.

At the broad sector level, six out of seven segments registered higher output in May, led by Technology. The weakest expansion was in Financials, reflecting a decline in Banks, while a renewed contraction was seen in Consumer Services following a three-month period of growth.

May data signalled that cost pressures were clearly stronger in manufacturing segments. Although all 18 sectors registered higher input prices, the top nine rankings were all occupied by sectors located in manufacturing, and the bottom nine by those in services. The strongest rates of input price inflation were registered in Metals & Mining, Construction Materials (record high), Machinery & Equipment and Chemicals. The fastest rates of input price inflation among services-related sectors were in Healthcare Services, in tenth place overall, and Pharmaceuticals & Biotechnology (although both contain elements of manufacturing).

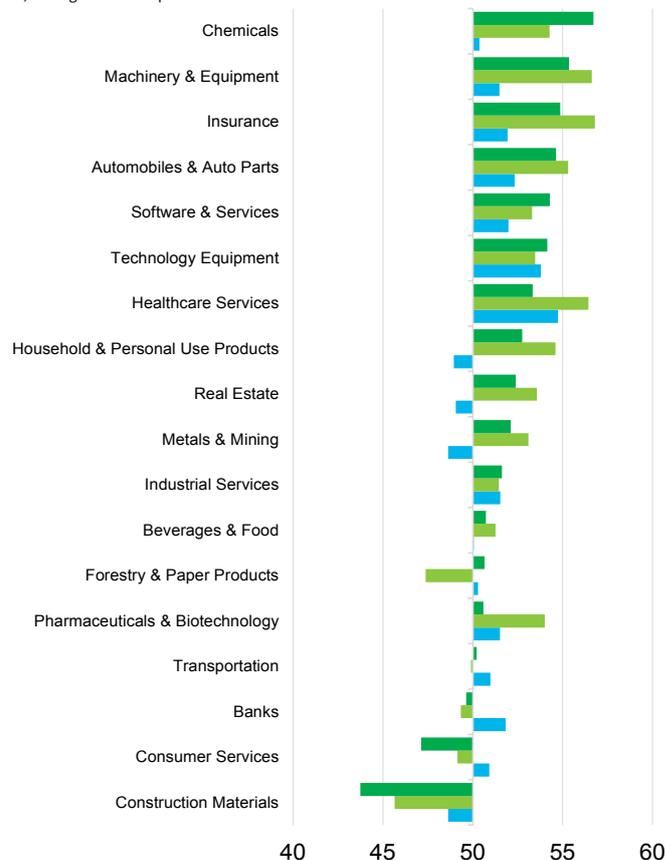
Manufacturing sectors also tended to record the strongest increases in output prices in May. Metals & Mining registered the fastest output price inflation, followed by Machinery & Equipment and Chemicals. Banks was the only sector to post lower charges in May.

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



Source: IHS Markit.

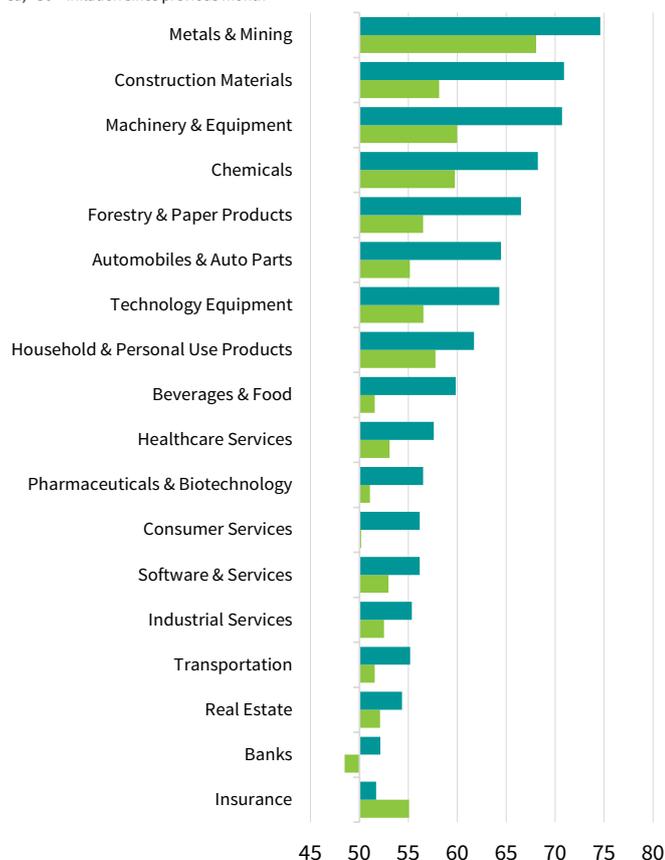
Output Index ■ / New Orders Index ■ / Employment Index ■, May '21
sa, >50 = growth since previous month



Source: IHS Markit.

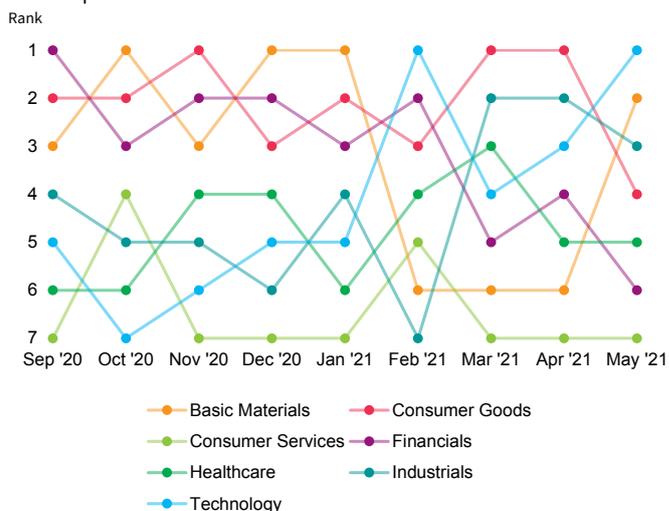
Input Prices Index / Output Prices Index, May '21

sa, >50 = inflation since previous month



Source: IHS Markit.

Asia Output Index



Source: IHS Markit.

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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.

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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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