

Nikkei Asia Sector PMI™

Technology equipment is best-performing sector in June

Key points:

- **Technology equipment** registers fastest output growth since January
- Growth of activity recovers in **software & services**
- **Transportation** falls into contraction in June

Summary:

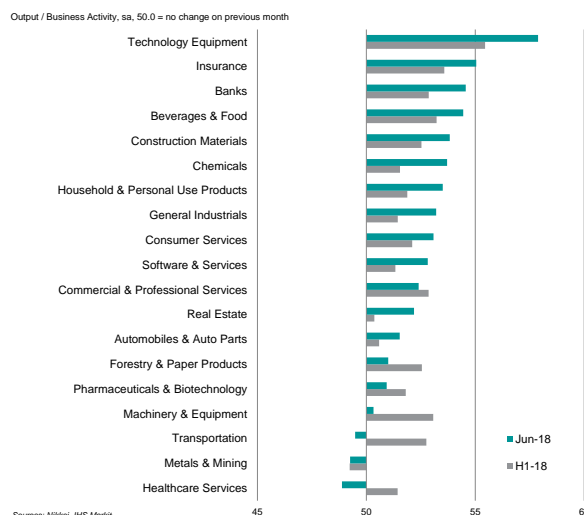
The latest Asia Sector PMI™ data, compiled by IHS Markit and sponsored by Nikkei, pointed to output growth across 16 out of the 19 monitored sectors in June. The overall upturn was led by **technology equipment**, where output growth was the fastest since January, underpinned by the sharpest gain in new business since the start of the year. Moreover, Q2 2018 saw the strongest rise in output on a quarterly basis since Q1 2010.

Other notable strong performers were **insurance**, **banks** – with growth picking up to the sharpest since February – and **beverages & food**. The top five was completed by **construction materials**, which reported a marked rise in activity.

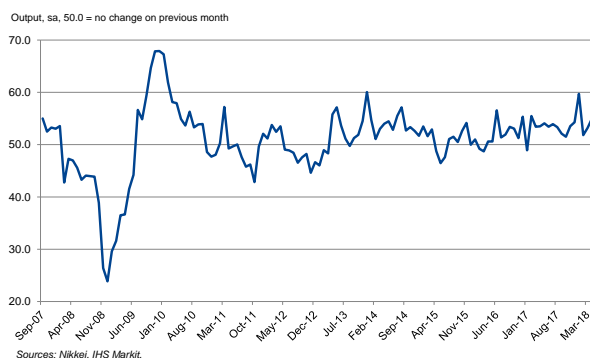
Transportation fell into contraction territory for the first time in three months in June, as it recorded the worst contraction since last August. Meanwhile **healthcare services** and **metals & mining** saw further declines in output. That said, all three sectors saw only marginal falls in activity.

On average, the sharpest growth over the first half of the year was recorded in **technology equipment**, followed by **insurance**, **beverages & food** and **machinery & equipment**. **Metals & mining** was the only segment to signal a decline in activity in the first half of 2018 on average, albeit only marginally.

Asia Sector Output Index: detailed sectors



Technology Equipment



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Notes to Editors:

Nikkei Asia Sector PMI™ data are derived from surveys of over 6,700 companies operating in 13 economies, including China, Japan, India, South Korea, Indonesia, Taiwan, Malaysia, Hong Kong, Singapore, Vietnam, Myanmar, Thailand and the Philippines. The data are typically released on the fifth working day of each month, two days' after the Global Composite PMI, at 0030 UTC time (0830 Hong Kong).

The Asia Sector PMI data provide corporate decision makers, economic analysts, policy makers and investors with a powerful database with which to monitor business cycles by industry. Sector trends over time can be tracked – with historic data to September 2007 – as well as relative performance between sectors, allowing identification of key growth industries and the drivers within them.

The dataset provides monthly indicators of business trends across variables such as output, order books, prices, inventories and employment for seven major groups including: basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology; and a further 21 sectors and subsectors of those groups.

Sector PMI data are generated from the same questionnaire responses as national PMI data, and mapped to IHS Markit's sector classification structure using Standard Industry Classification (SIC) codes. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month. Diffusion indexes are calculated for each variable (the percentage of positive responses plus half the percentage of neutral responses). These indexes vary between 0 and 100 with levels of 50.0 signalling no change on the previous month. Readings above 50.0 signal an improvement or increase on the previous month. Readings below 50.0 signal a deterioration or decrease on the previous month. The greater the divergence from 50.0 the greater the rate of change signalled.

Individual company responses will be weighted on the basis of that company's country of origin. Country weights for each sector are derived from a combination of GDP data and detailed industry gross value added.

The PMI diffusion indexes are then adjusted for seasonality using the X-12 ARIMA program.

Detailed historical Asia sector data are available via a subscription from IHS Markit, and datasets are also available for Global, Europe and the US sectors. For further information please contact economics@ihsmarkit.com.

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