

Nikkei Asia Sector PMI™

Machinery & Equipment producers post sharpest fall in output since October 2012

Key points:

- **Machinery & Equipment** output falls at fastest pace of all sectors for third straight month
- **Metals & Mining** sector sees recovery continue into May
- **Banks** tops growth rankings, followed by **Household & Personal Use Products**

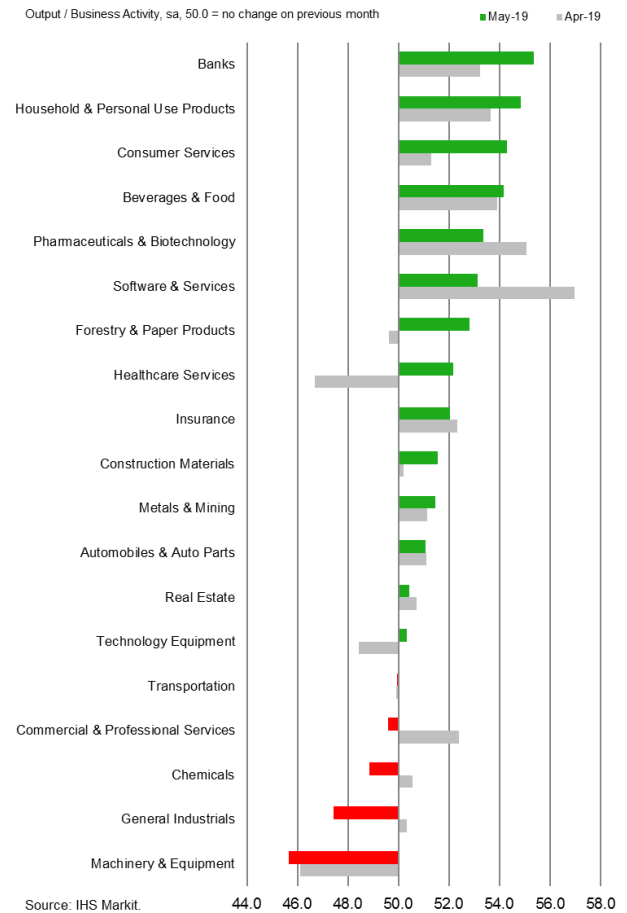
Summary:

According to the latest Asia Sector PMI™ data, compiled by IHS Markit and sponsored by Nikkei, **Machinery & Equipment** producers observed the sharpest reduction in output of all monitored sectors across Asia for the third month in a row. **General Industrials** and **Chemicals** output returned to contraction in May, having both seen growth in the preceding two months. Elsewhere, growth at **Banks** topped the rankings for the first time since March 2016.

The decline in **Machinery & Equipment** production was the strongest in just over six-and-a-half years during May and the sixth in as many months. Meanwhile, **Commercial & Professional Services** observed the first decline in activity since November 2017.

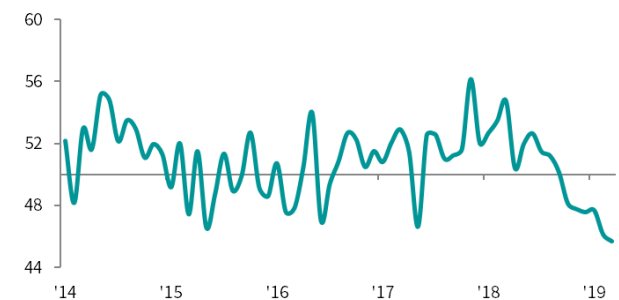
The top four sectors for growth - **Banks**, **Household & Personal Use Products**, **Consumer Services**, and **Beverages & Food**, all observed accelerated expansions during the latest survey period. The rise in activity at **Banks** was marked overall and the sharpest since January 2018. Strong expansions were also evident in the remaining three of the top four ranking sectors. Meanwhile, growth in **Pharmaceuticals & Biotechnology** and **Software & Services** slowed.

Asia Sector PMI



Asia Machinery & Equipment PMI

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



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For further information, please contact:

IHS Markit

Joe Hayes, Economist

Telephone +44 1491 461006

Email joseph.hayes@ihsmarkit.com

Joanna Vickers, Marketing and Communications

Telephone +44 207 260 2234

E-mail joanna.vickers@ihsmarkit.com

Nikkei inc. (About Nikkei)

Ken Chiba, Deputy General Manager, Public Relations Office

Atsushi Kubota, Manager, Public Relations Office

Telephone 81-3-6256-7115

Email koho@nex.nikkei.co.jp

Notes to Editors:

The early June releases of May data from the Asia PMI series will be the final releases to carry Nikkei branding.

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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