

IHS MARKIT US SECTOR PMI™

Consumer goods production expands at fastest pace since May 2018

KEY FINDINGS

Consumer goods and financial services remain the best performing sectors

Technology sector gains momentum in November

Industrials and healthcare record the slowest rises in output levels

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.

Consumer goods producers experienced the fastest expansion of the seven broad categories monitored by the IHS Markit US Sector PMI™ in November. Output volumes expanded at the strongest pace for one-and-a-half years, which widened the outperformance of consumer goods in comparison to the private sector economy.

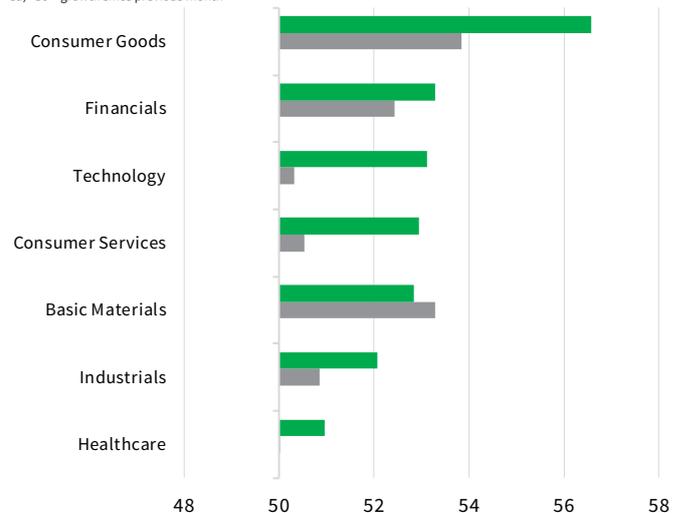
Financial services retained its place near the top of the performance table in November, with business activity increasing to the greatest extent since July. A faster rate of growth was also recorded among **technology** firms during the latest survey period, meaning that the sector continued to recover from the soft patch seen in the middle of 2019.

Stronger household spending was also reflected in another expansion of business activity among **consumer service** providers during November.

There were signs that business investment remained subdued in the latest survey period, with **basic materials and industrials** recording slower rates of output expansion than the consumer-facing sectors.

That said, the weakest performing category of activity was **healthcare services**. This sector returned to growth in November, following a brief decline during October, but the rate of business activity expansion was only marginal.

Output Index / Employment Index, Nov'19
sa, >50 = growth since previous month



Source: IHS Markit

COMMENT

Tim Moore, Economics Associate Director at IHS Markit, which compiles the survey:

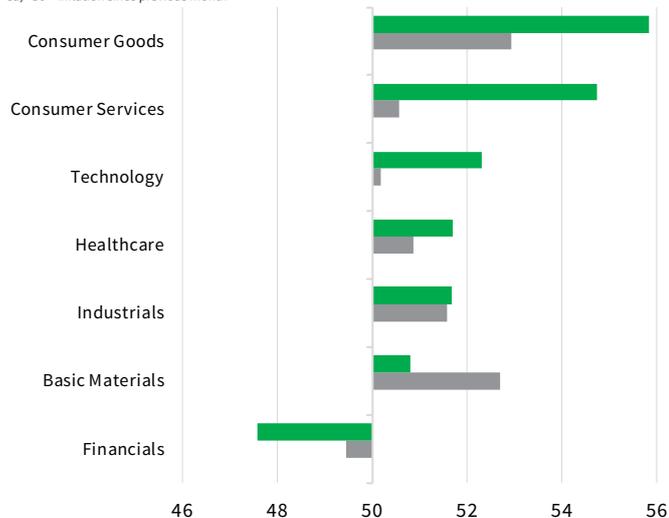
"The latest US Sector PMI data provides a clear signal that greater household spending was the main driving force behind the gradual recovery in IHS Markit's national PMI surveys during November. Improved consumer demand more than offset the drag on economic growth from subdued business investment."

"Consumer goods producers reported the fastest output expansion for 18 months in November. The warm glow from rising household demand has also helped to boost financial services, the tech sector and consumer service providers in the final quarter of 2019."

"In contrast, overall activity in the industrials category rose at a modest pace, reflecting a weak contribution from the production of capital goods and soft demand for commercial services."

Input Prices Index / Prices Charged Index, Nov'19

sa, >50 = inflation since previous month



Source: IHS Markit

US Consumer Goods Output Index

sa, >50 = growth since previous month



Source: IHS Markit

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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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