

News Release

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IHS MARKIT US SECTOR PMI™

Business activity growth recorded in all categories except consumer services

KEY FINDINGS

Six out of seven sectors register a rise in output during August

Healthcare and Financials signal the strongest rates of expansion

Consumer services activity falls at a sharp pace

August 2020 data were collected 12-27 August 2020.

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.

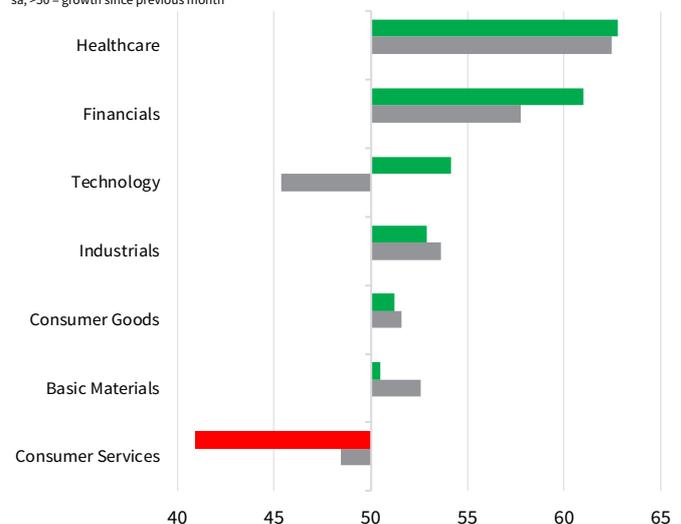
August data indicated that business activity expanded in six of the seven broad categories of activity. Survey respondents commented on a rebound in demand and successful efforts to adapt business operations in response to the coronavirus 2019 (COVID-19) pandemic. Only the **consumer services** sector recorded a sustained decline in business activity during August, with the rate of contraction accelerating slightly since the previous month.

The strongest rate of activity growth was seen in **healthcare**, which includes both service provision and the manufacturing supply chain, followed by **financials**.

Technology firms put in a solid performance in August, with output growth the strongest for 12 months. Another segment to return to expansion was the **industrials** category, which saw its first increase in activity since February.

Consumer goods production had been an outperforming area earlier in the summer, but the latest data signalled a slowdown in output growth since July. Outside of consumer services, **basic materials** posted the weakest trend across the private sector economy during August.

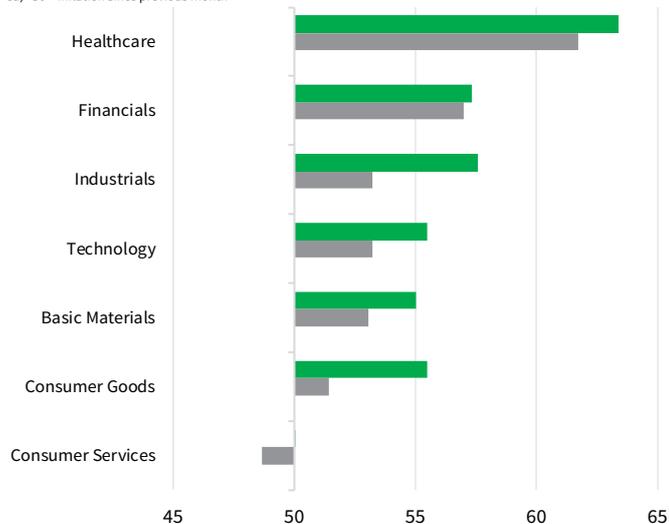
Output Index / Employment Index, August '20
sa, >50 = growth since previous month



Source: IHS Markit

Input Prices Index / Prices Charged Index, August '20

sa, >50 = inflation since previous month



Source: IHS Markit

US Consumer Services: Business Activity 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.

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