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IHS MARKIT US SECTOR PMI™

First fall in technology business activity since February 2016

KEY FINDINGS

Technology output contracts at fractional rate

Expansion in consumer goods production remains subdued

Healthcare activity increases at solid rate in June

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.

Technology firms registered the first fall in business activity since February 2016 in June, according to the US Sector PMI™. The decrease in output was only fractional overall, but the technology sector was the only monitored area to signal a contraction in activity.

That said, the expansion in **consumer goods** remained muted overall. Firms indicated only a marginal rate of increase in production, the second-slowest since the start of 2014. The upturn did, however, accelerate from May's broadly unchanged level.

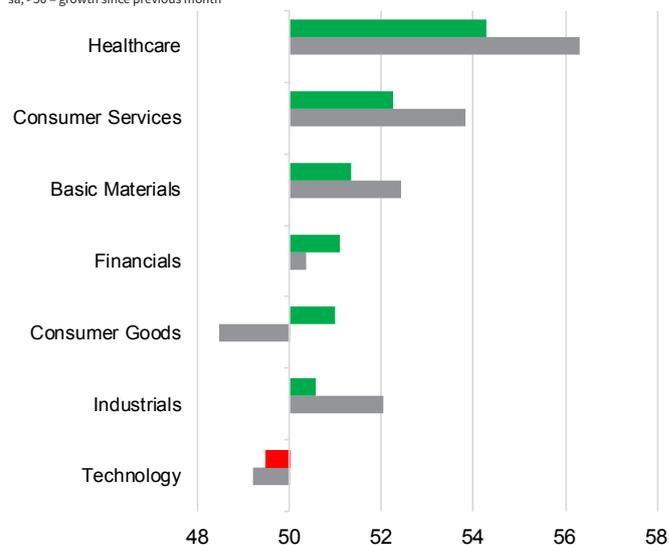
In contrast, **healthcare** firms registered a solid and faster increase in business activity in June. The healthcare sector recorded the quickest rise in output of the monitored segments for the second month running, with the rate of growth accelerating to a three-month high.

Consumer services meanwhile signalled a renewed expansion in business activity in June. The moderate upturn in output followed a slight contraction in May. **Industrials** firms also registered an increase in output, albeit only marginal overall.

Meanwhile, **basic materials** and **financials** firms indicated a slower rise in business activity, with both sectors signalling only marginal upturns.

Output Index / Employment Index, Jun'19

sa, >50 = growth since previous month



Source: IHS Markit

US Technology Business Activity Index

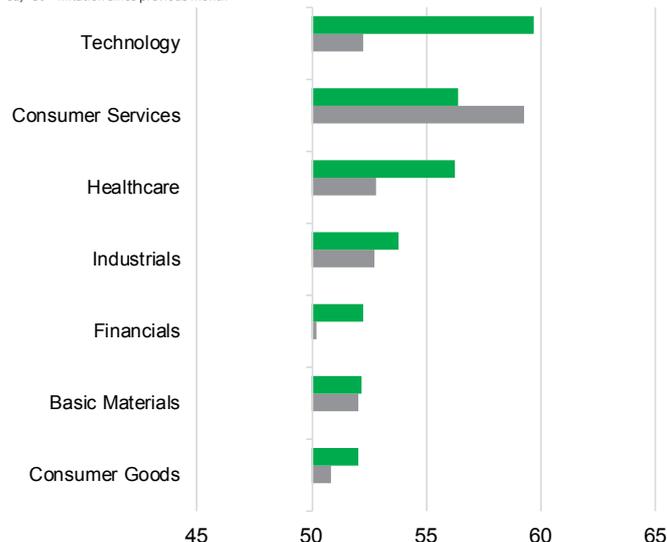
sa, >50 = growth since previous month



Source: IHS Markit

Input Prices Index / Prices Charged Index, Jun'19

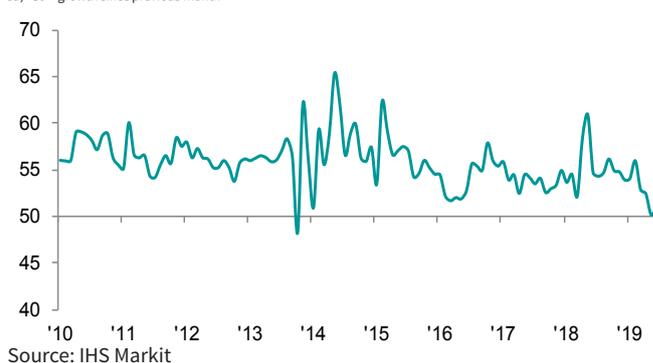
sa, >50 = inflation since previous month



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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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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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