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IHS Markit U.S. Sector PMI™

Healthcare sector continues to lead private sector expansion in December

Key findings

Marked upturn in healthcare business activity

Fastest rate of technology output growth since September 2014

Sharpest rise in basic materials production for three years

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.

Of the seven categories monitored by the US Sector PMI series, the **healthcare** sector continued to lead the private sector upturn in December. The substantial rise in healthcare business activity was closely followed by a significant increase in output in the **technology** sector. Here, production rose at the steepest rate for over six years.

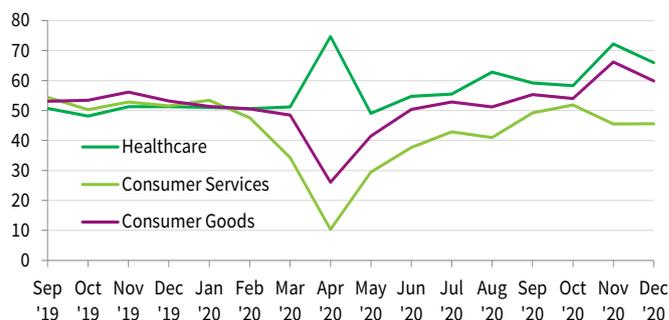
At the same time, the **basic materials** sector signalled an accelerated rate of output growth, with the pace of increase the fastest since December 2017 and robust overall.

Meanwhile, the **consumer goods** and **financials** sectors registered further marked expansions in business activity at the end of 2020. Although the respective rates of growth eased from those seen in November, they were among the sharpest over the last two years.

The **industrials** sector, however, signalled a notable slowdown in output growth during December. The expansion was solid overall, but was the slowest of the six monitored sectors for which a rise in activity was recorded.

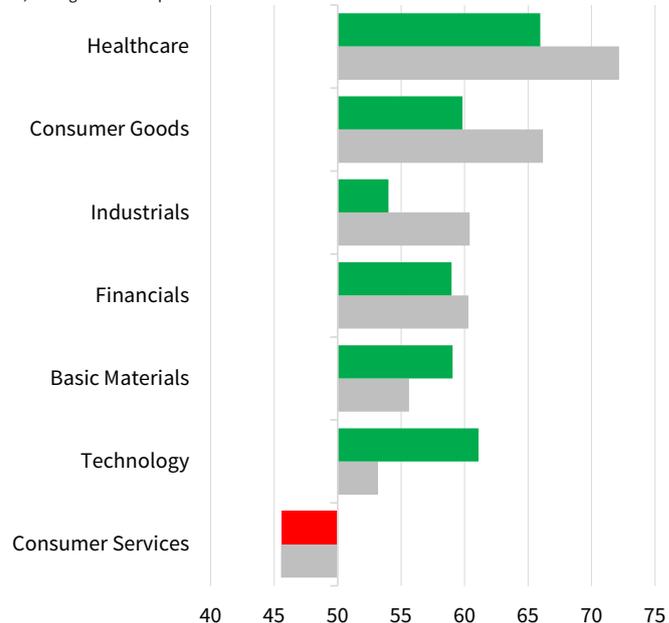
Finally, the **consumer services** sector remained in contraction territory in the final month of 2020, amid ongoing social-distancing guidelines.

Business Activity Index
sa, >50 = growth since previous month



Source: IHS Markit.

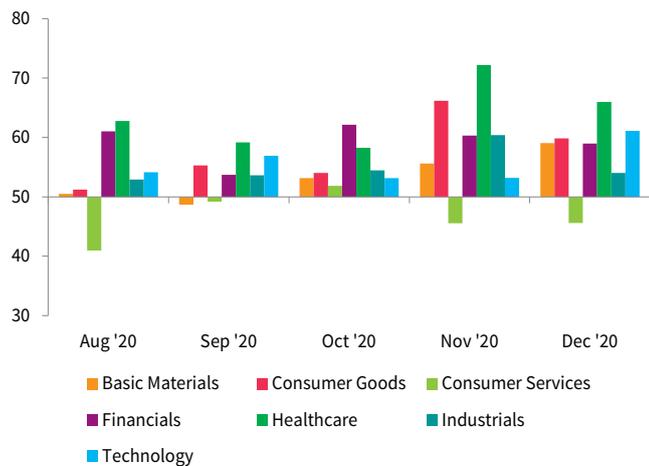
Output Index, Dec '20 / Nov '20
sa, >50 = growth since previous month



Source: IHS Markit.

Output / Business Activity Index

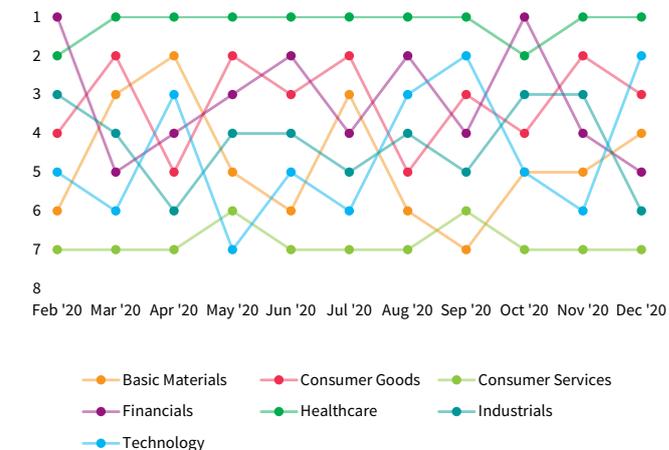
sa, >50 = growth since previous month



Source: IHS Markit.

Output / Business Activity Index

Rank



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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