Healthcare sector output growth at record high amid COVID-19 outbreak

KEY FINDINGS

Healthcare the only sector to signal an expansion in April

Consumer services registers sharpest contraction in series history

Industrials and consumer goods also see particularly marked declines

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.

April data, collected 7-29 April, indicated substantial decreases in output across six of the seven monitored sectors. The only exception was healthcare, which recorded by far the fastest expansion since the series began in October 2009. The upturn was driven by the escalation of the COVID-19 pandemic.

The introduction of social distancing and stay-at-home measures created challenges for businesses across the U.S., with consumer services firms especially registering a significant contraction in business activity. The downturn was by far the steepest on record and outpaced those seen across the other monitored sectors.

Financials, industrials and technology companies also recorded the most severe contractions in business activity in their respective series histories, amid ongoing lockdown measures.

Of the monitored manufacturing sectors consumer goods posted a stronger decline than basic materials, which registered the softest fall in output of the six sectors that saw a decrease. That said, the rates of contraction in both were the most marked since the series began.
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.

For further information on the PMI methodology, please contact economics@ihsmarkit.com.

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