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IHS MARKIT ASIA SECTOR PMI™

Industrial goods production continues to decline at marked rate in July

KEY FINDINGS

Industrial Goods output falls at historically sharp pace

Autos production declines for ninth time in past ten months

Insurance overtakes Banks in the output growth rankings as Financials continue to outperform

Asia Sector PMI indices are compiled from responses to questionnaires sent to purchasing managers in IHS Markit's Asian PMI survey panels, covering over 6,000 private sector companies in 13 countries.

Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

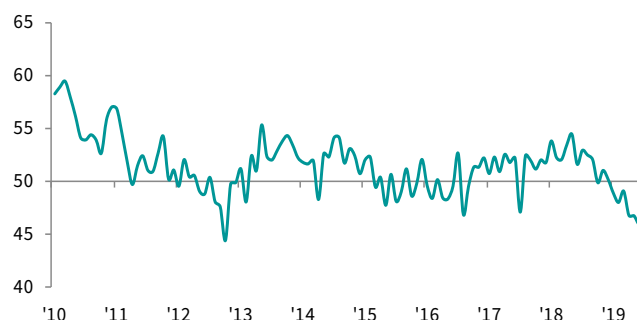
According to July survey data, the **Industrial Goods** sector remained the weakest-performing segment in Asia, with production declining at a historically strong rate. That said, the downturn softened slightly when compared to June. Closely following was **Automobiles & Auto Parts**, where production was scaled back for the ninth time the past ten months during July.

Weakness in the tech sector was also apparent, as **Technology Equipment** output decreased modestly, extending the current down that has been observed since the start of the year. Similar contractions were also seen in **Healthcare Services, Metals & Mining** and **Forestry & Paper Products**.

Meanwhile, **Financials** continued to dominate the growth sectors at the start of the third quarter, as **Insurance** overtook June's top performer, **Banks**, to post the strongest upturn in activity. Renewed increases in business activity were seen in **Industrials Services** and **Chemicals**, while output growth strengthened in **Household & Personal Products** and **Real Estate**.

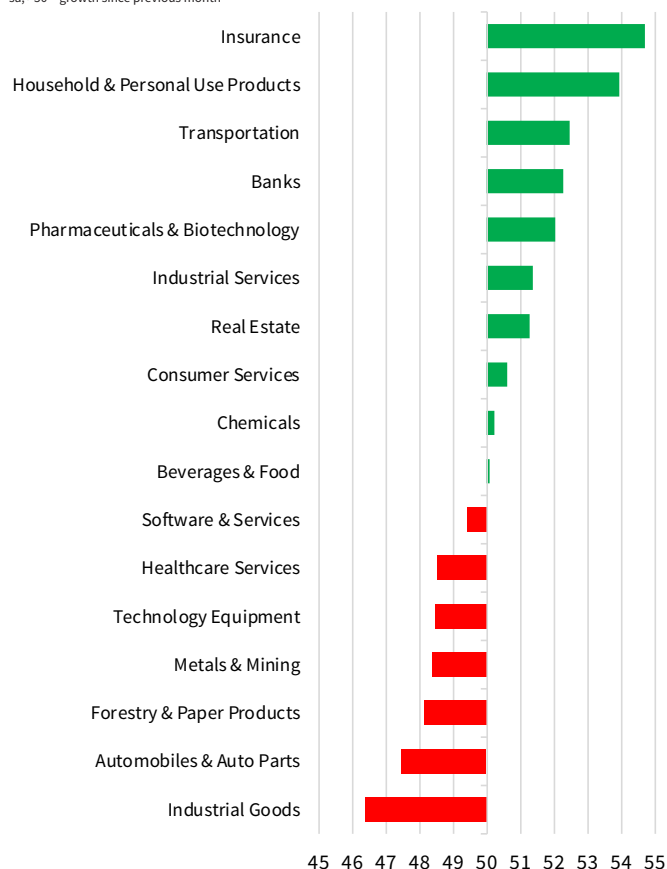
Asia Industrial Goods Output Index

sa, >50 = growth since previous month



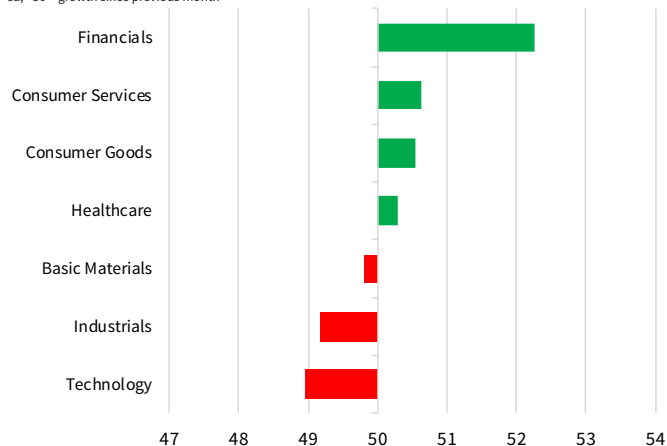
Output Index, Jul '19

sa, >50 = growth since previous month



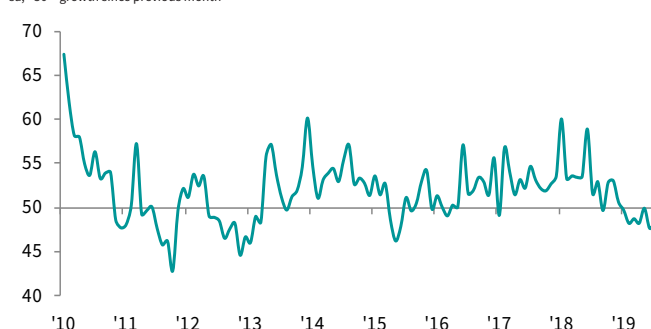
Output Index, Jul'19

sa, >50 = growth since previous month



Asia Technology Equipment Output Index

sa, >50 = growth since previous month



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Methodology

The IHS Markit Asia Sector PMI™ indices are compiled by IHS Markit from responses to questionnaires sent to purchasing managers in IHS Markit's Asian PMI survey panels, covering over 6,000 private sector companies in 13 countries.

IHS Markit maps individual company responses to industry sectors according to standard industry classification (SIC) codes. Asia Sector PMI indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

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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