PMI data highlight record falls in global activity in many sectors in March as coronavirus outbreak escalates

KEY FINDINGS

- Ten services sub-sectors register series-record contractions in business activity
- Tourism & recreation by far the worst hit area, followed by real estate and transportation
- Beverages & food is only sector to avoid contraction

Global Sector PMI indices are compiled from responses to questionnaires sent to purchasing managers in IHS Markit’s global PMI survey panels. Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials, technology and telecommunication services industry groups, and sub-sectors of these groups.

The coronavirus disease 2019 (COVID-19) outbreak hit the global economy hard in March, especially in service-related sectors. All sectors monitored saw declining output except beverages & food, though even here production was little-changed since February as rising food output was offset by a sharp decline in beverages.

While in February a number of manufacturing sectors had posted record falls – with global trends heavily influenced by Chinese shutdowns – in March it was services that bore the brunt of the disruption as the virus spread accelerated in Europe and the US. Ten global service sectors registered the fastest declines in activity on record during the month, led by tourism & recreation, real estate and transportation. Banks and insurance also posted the sharpest contraction since the global financial crisis (global sector PMI data were first compiled in October 2009).

With Chinese manufacturing showing tentative signs of recovery in March, output indices rebounded from record lows in February in chemicals, metals & mining, automobiles & auto parts, machinery & equipment and household & personal use products. That said, all merely signalled slower rates of decline in production as opposed to expansion.
**Global Output Index**

The IHS Markit Global Sector PMI™ indices are compiled by IHS Markit from responses to questionnaires sent to purchasing managers in IHS Markit's global PMI survey panels, covering over 27,000 private sector companies in more than 40 countries.

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

**Methodology**

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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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