

News Release

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IHS MARKIT US SECTOR PMI™

Healthcare and consumer goods record fastest rates of growth in July

KEY FINDINGS

Four out of seven sectors register a rise in activity in July

All other categories post a slower rates of decline than in June

Consumer services underperforms by wide margin

July 2020 data were collected 13-28 July 2020.

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.

July data signalled growth in four of the seven broad categories of activity, with the mixed picture reflecting the uneven impact of the coronavirus 2019 (COVID-19) pandemic on different industry sectors.

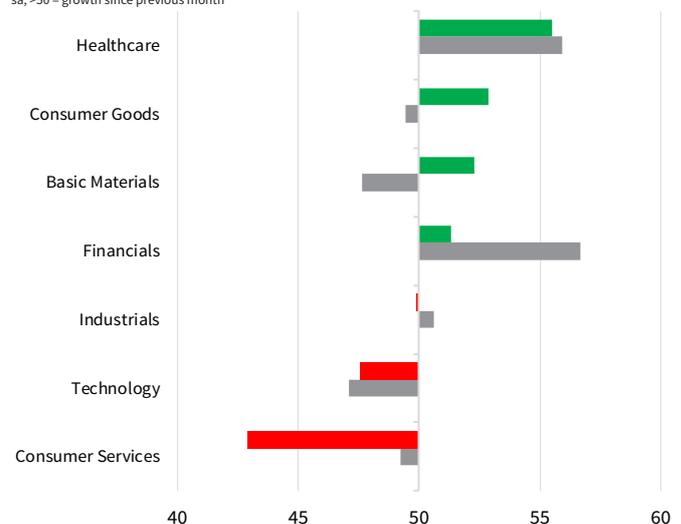
Once again, the strongest rate of expansion was seen in **healthcare** activity, which includes both service provision and the manufacturing supply chain.

Beyond healthcare, the recovery in private sector output was led by **consumer goods** production, followed closely by **basic materials**. The latter saw a notable turnaround in comparison to the situation during June.

Business activity was broadly unchanged across the **industrials** category, while **technology** firms indicated a modest decline in output levels during the latest survey period.

Finally, **consumer services** was unsurprisingly the weakest performing area of the private sector economy in July, reflecting challenges with reopening business operations. Latest data signalled a further steep fall in activity, although the rate of decline eased to the least marked since February.

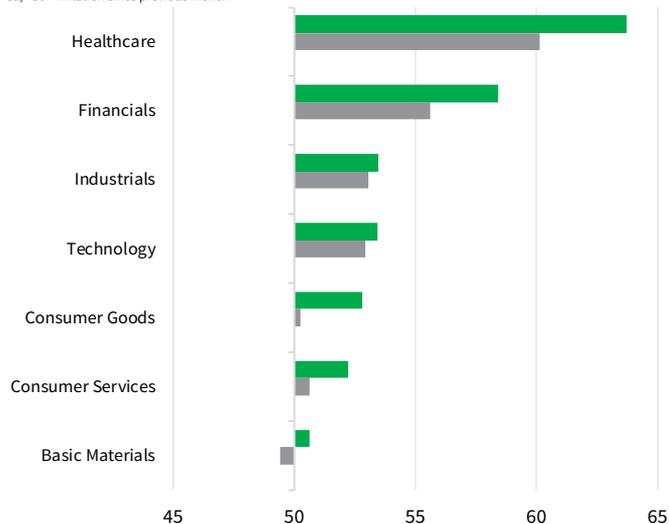
Output Index / Employment Index, July '20
sa, >50 = growth since previous month



Source: IHS Markit

Input Prices Index / Prices Charged Index, July '20

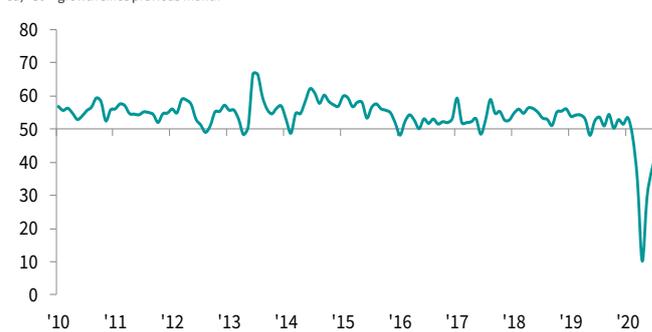
sa, >50 = inflation since previous month



Source: IHS Markit

US Consumer Services: Business Activity 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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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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