

Nikkei Asia Sector PMI™

Chemicals sector tops Asian growth rankings

Key points:

- Fastest rise in chemicals output in over six years
- Marked increases in healthcare services and beverages & food
- Machinery & equipment is worst-performing category in July

Summary:

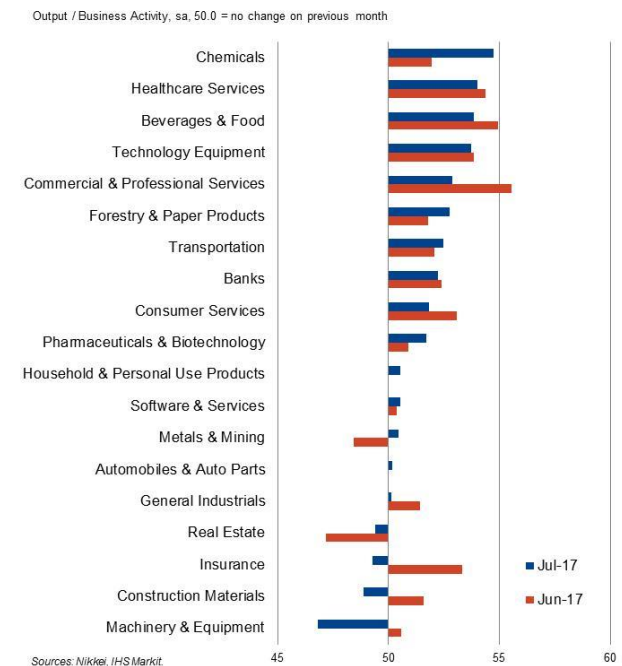
The latest Asia Sector PMI™ data, compiled by IHS Markit and sponsored by Nikkei, showed that **chemicals** climbed eight positions during July to reach the top of the rankings. Output growth in this segment was the sharpest in over six years, supported by a renewed increase in new business inflows. Marked rises in activity were also noted in **healthcare services, beverages & food** and **technology equipment**. That said, rates of expansion softened in all three cases. Business activity rose in 15 of the 19 categories tracked.

Commercial & professional services recorded a solid increase in activity, but the pace of expansion softened from June to the slowest since January. Subsequently, this sector fell from first place in the league table to fifth during July. Solid rises in output were also recorded in the **forestry & paper products** (seven-month high) and **transportation** (two-month high) sectors.

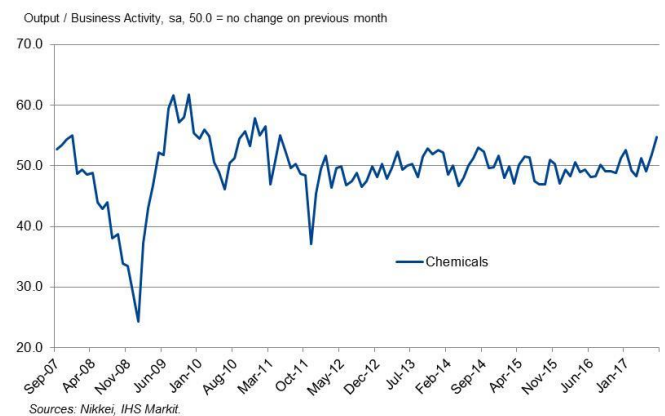
Metals & mining output increased for the first time since February, albeit marginally. Similar rates of expansion were seen in **household & personal use products** and **software services**. Meanwhile, only fractional rises were noted in **general industrials** and **automobiles & auto parts**.

Insurance registered the first drop in activity since November, albeit one that was only slight. **Construction materials** and **machinery & equipment** also dipped into contraction territory during July, ending respective ten- and nine-month sequences of growth. Meanwhile, **real estate** activity decreased for the fourth month in succession. The steepest rate of reduction was noted in **machinery & equipment**.

Asia Sector Output Index: detailed sectors



Asia: Chemicals



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Notes to Editors:

Nikkei Asia Sector PMI™ data are derived from surveys of over 6,700 companies operating in 13 economies, including China, Japan, India, South Korea, Indonesia, Taiwan, Malaysia, Hong Kong, Singapore, Vietnam, Myanmar, Thailand and the Philippines. The data are typically released on the fifth working day of each month, two days' after the Global Composite PMI, at 0030 UTC time (0830 Hong Kong).

The Asia Sector PMI data provide corporate decision makers, economic analysts, policy makers and investors with a powerful database with which to monitor business cycles by industry. Sector trends over time can be tracked – with historic data to September 2007 – as well as relative performance between sectors, allowing identification of key growth industries and the drivers within them.

The dataset provides monthly indicators of business trends across variables such as output, order books, prices, inventories and employment for seven major groups including: basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology; and a further 21 sectors and subsectors of those groups.

Sector PMI data are generated from the same questionnaire responses as national PMI data, and mapped to IHS Markit's sector classification structure using Standard Industry Classification (SIC) codes. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month. Diffusion indexes are calculated for each variable (the percentage of positive responses plus half the percentage of neutral responses). These indexes vary between 0 and 100 with levels of 50.0 signalling no change on the previous month. Readings above 50.0 signal an improvement or increase on the previous month. Readings below 50.0 signal a deterioration or decrease on the previous month. The greater the divergence from 50.0 the greater the rate of change signalled.

Individual company responses will be weighted on the basis of that company's country of origin. Country weights for each sector are derived from a combination of GDP data and detailed industry gross value added.

The PMI diffusion indexes are then adjusted for seasonality using the X-12 ARIMA program.

Detailed historical Asia sector data are available via a subscription from IHS Markit, and datasets are also available for Global, Europe and the US sectors. For further information please contact economics@ihsmarkit.com.

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