

Nikkei Asia Sector PMI™

Consumer goods sector drives Asian output growth in January

Key points:

- Consumer goods sub-sectors occupy three out of top four places in output rankings
- Beverages & food fastest growing sector in opening month of 2017
- Real estate is weakest-performing sector

Summary:

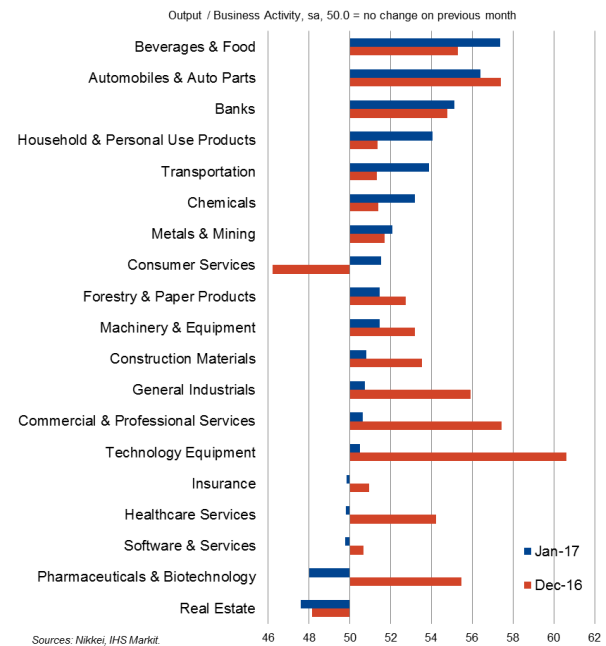
Nikkei Asia Sector PMI™ data, compiled by IHS Markit, showed Asian growth being driven by a marked rise in output in the **consumer goods** sector. Moreover, all three sub-components within this broad group recorded solid increases in production, highlighted by the sectors occupying three out of the top four spots in the rankings. The sharpest rate of expansion was experienced by **beverages & food**, where production growth accelerated to a 14-month high. This was closely followed by **automobiles & auto parts**, which registered the second-sharpest increase in output out of all the monitored sectors. Finally **household & personal use products** completed the strong performance of the **consumer goods** sector, as production rose at the quickest pace since February 2015.

Of the 19 monitored sectors covered by the survey, 14 recorded output growth in January. However, this was down from 17 at the end of 2016.

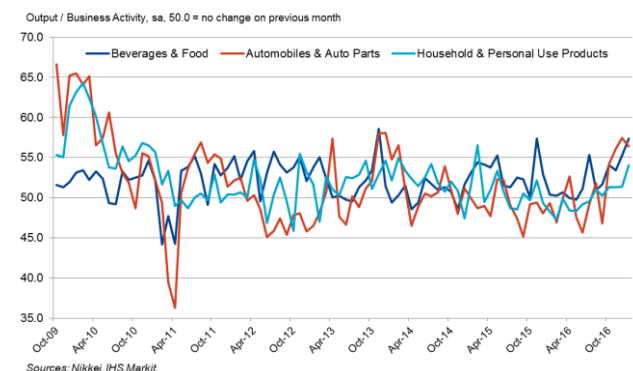
Banks, transportation and **chemicals** were other strong-performing sectors in January, all raising their output since the end of last year. Meanwhile, **technology equipment** and **commercial & professional services** experienced substantial slowdowns in output growth, having been two of the strongest-performing sectors at the end of last year.

Despite business activity declining at only a moderate pace, Asian **real estate** was the worst-performing sector in the opening month of 2017. **Pharmaceuticals & biotechnology**, which registered a marked increase in business activity at the end of 2016, saw output return to contraction. Meanwhile, **insurance, healthcare services** and **software & services** all experienced declines in activity, albeit at only slight rates.

Asia Sector Output Index: detailed sectors



Asia: Consumer Goods



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Notes to Editors:

Nikkei Asia Sector PMI data are derived from surveys of over 6,700 companies operating in ten 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 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 Markit, and datasets are also available for Global and Europe sectors. For further information please contact economics@ihsmarkit.com.

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