

Nikkei Asia Sector PMI™

Commercial & professional services sector leads Asian growth in June

Key points:

- Upturn in commercial & professional services activity accelerates from May
- Output increases in 15 out of 19 tracked sectors
- Chemicals return to growth, while automobiles & auto parts output falls slightly

Summary:

Asia Sector PMI™ data, compiled by IHS Markit and sponsored by Nikkei, indicated that output increased in the majority of the 19 categories covered. June saw a return to growth of **chemicals** and **forestry & paper products**, while ongoing expansions were noted in 13 other segments. **Commercial & professional services** led the upturn, followed by **beverages & food**.

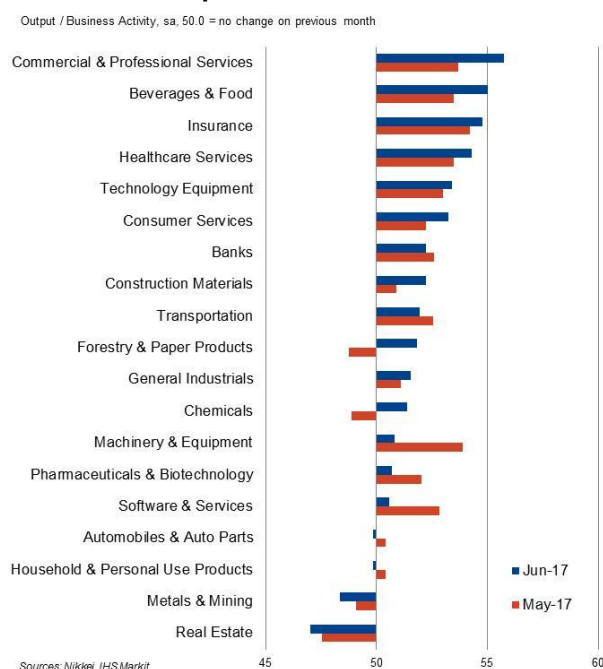
Insurance fell from first place to third in June. Nevertheless, the rate of output expansion in this category climbed to a 19-month high. Solid increases in activity were also noted in **healthcare services** (19-month high), **technology equipment** (four-month high) and **consumer services** (two-month high).

On the other side of the spectrum were **metals & mining** and **real estate**, where output fell for the fourth and third consecutive month respectively. The latter posted the steepest contraction since February 2016 and propped up the rankings again.

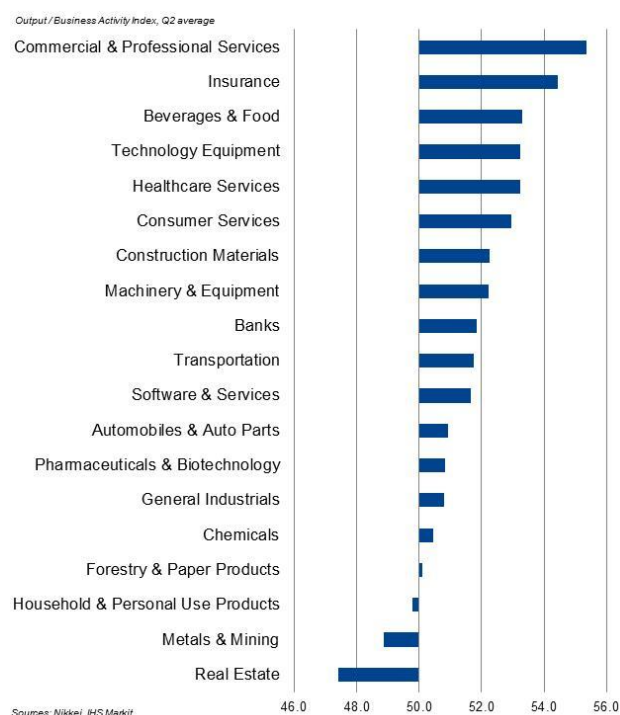
Business activity also decreased in the **automobiles & auto parts** and **household & personal use products** categories, following growth in the preceding survey period. That said, the respective rates of reduction were only marginal.

The league table for June was broadly in line with that for the second quarter of 2017 as a whole. **Commercial & professional services** was the brightest spot in Q2, with overall growth also seen in 15 other sectors. **Real estate, metals & mining** and **household & personal use products** all saw reductions in business activity over the quarter.

Asia Sector Output Index: detailed sectors



Asia: Quarterly performance



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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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