

# Nikkei Asia Sector PMI™

## Software & services activity rebounds in October

### Key points:

- **Software & services** output rebounds in October ...
- ...and the sector climbs to first place in growth rankings
- **Metals & mining** worst-performing sector

### Summary:

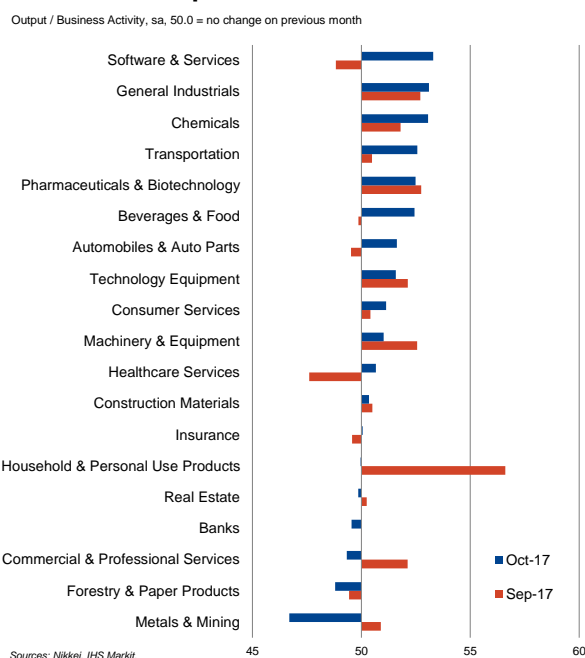
The latest Asia Sector PMI™ data, compiled by IHS Markit and sponsored by Nikkei, indicated an expansion in output across 13 of the 19 monitored sectors. **Software & services** was the brightest spot in October as the sharpest increase in new business recorded in the series history supported a solid upturn in output. The rise followed a contraction in the prior survey period. **General industrials** recorded the second-strongest rate of output growth. Meanwhile, **automobiles & auto parts**, which registered declines in each of the four prior months, returned to expansion territory.

Solid growth in output was recorded in **chemicals, transportation, pharmaceuticals & biotechnology** and **beverages & food**. Concurrently, a modest increase was observed in the **technology equipment** category. **Consumer services, machinery & equipment, healthcare services** and **construction materials** only recorded slight expansions in activity over the month.

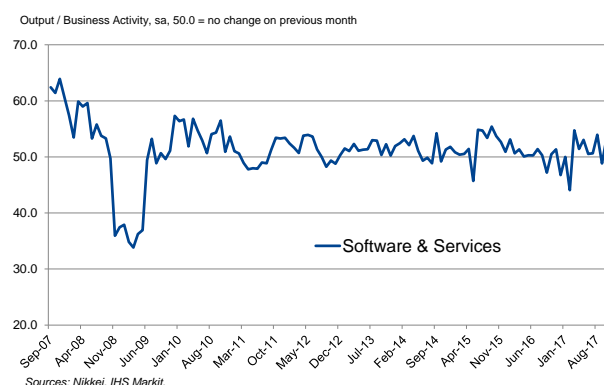
At the other end of the neutral 50.0 threshold was **metals & mining**, which slipped to the bottom position after recording the sharpest contraction in output. The rate of reduction was in fact the fastest since June 2016. Despite signalling a modest decline in business activity in October, **forestry & paper products** slid to second-bottom in the growth rankings. Meanwhile, the declines in **commercial & professional services, banks** and **real estate** were only marginal.

Finally, output in the **household & personal use products** and **insurance** sectors stagnated during the month.

### Asia Sector Output Index: detailed sectors



### Asia: Software & Services



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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](mailto:economics@ihsmarkit.com).

### About IHS Markit ([www.ihsmarkit.com](http://www.ihsmarkit.com))

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