

News Release

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S&P Global US Sector PMI™

Broad-based contraction as all sectors indicate a decline in output in August

Key findings

Financials sector continues to record fastest fall in activity

Healthcare signals sharpest decline in activity on record

Industrials and Technology output drops into contraction territory

US Sector PMI™ indices are compiled from responses to questionnaires sent to purchasing managers in S&P Global'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.

US private sector firms signalled a broad-based decline in output during August, as all seven monitored sectors registered contractions in business activity. It was only the second time on record (since October 2009) that all sectors have seen a decrease in output, the first time having been in May 2020 during the initial wave of COVID-19.

Financials firms (index at 38.6) recorded the sharpest contraction in business activity, with the sector placing at the bottom of the rankings table for the third month running. The rate of decline was marked and the second-fastest on record (behind only April 2020).

Similarly, healthcare (42.9) retained its position as the second-worst performing sector following a further sharp contraction in output. The pace of decrease in activity accelerated and was the fastest since data collection began in October 2009.

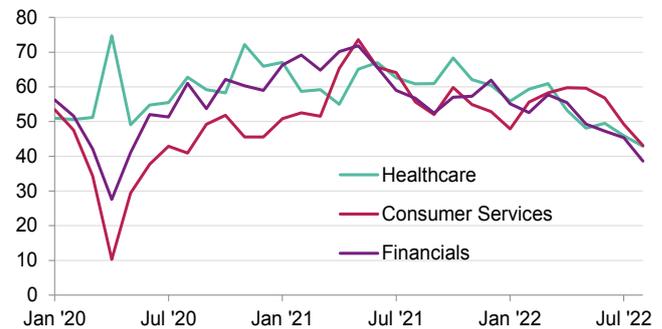
Meanwhile, the industrials (47.9) and technology (46.8) sectors registered renewed declines in output, with both segments recording the steepest contractions since June 2020.

Marked inflation and higher interest rates continued to weigh on the services sector, with the pace of decrease in consumer services activity gaining momentum (index at 43.1). The fall in output was the quickest for two years.

At the same time, the consumer goods (49.1) and basic materials (48.9) sectors noted only marginal decreases in production during August. Both segments recorded rates of decline broadly in line with those seen in July.

Business Activity Index

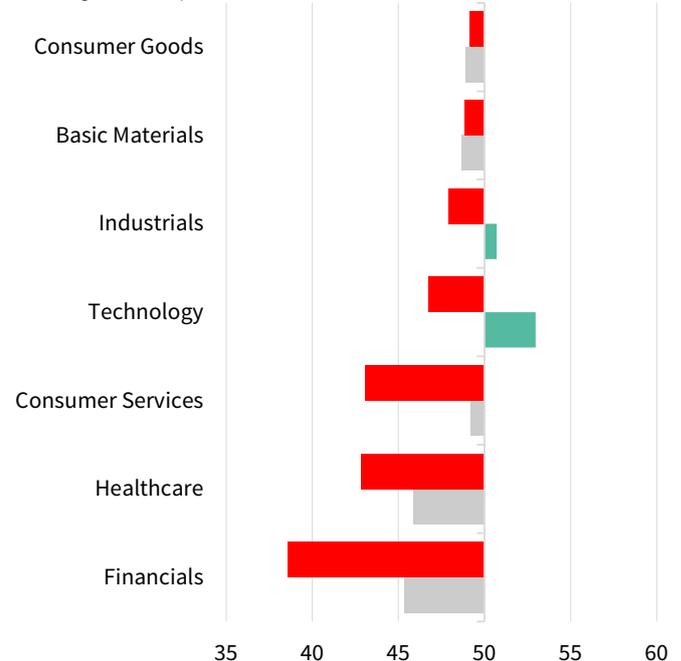
sa, >50 = growth since previous month



Source: S&P Global.

Output Index, Aug '22 / Jul '22

sa, >50 = growth since previous month



Source: S&P Global.

PMI™

by S&P Global

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Survey methodology

The S&P Global US Sector PMI™ indices are compiled by S&P Global from responses to questionnaires sent to purchasing managers in S&P Global's US manufacturing and services PMI survey panels, covering over 1,000 private sector companies.

S&P Global 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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