

IHS Markit Asia Sector PMI™

Technology Equipment records strongest growth in 2021 so far in July

Key findings

Technology Equipment tops Asian sector growth rankings for both output and employment

Machinery & Equipment ranked second despite slowest output growth in eight months

Transportation climbs seven places to third, highest rank since August 2019

The latest Asia PMI™ sector data from IHS Markit indicated growth of output in 11 out of 18 sectors in July, two more than in June but still the second-lowest total in 2021 so far. Moreover, only eight saw employment rise, the lowest total in five months, while 11 sectors registered weaker 12-month output expectations than in June.

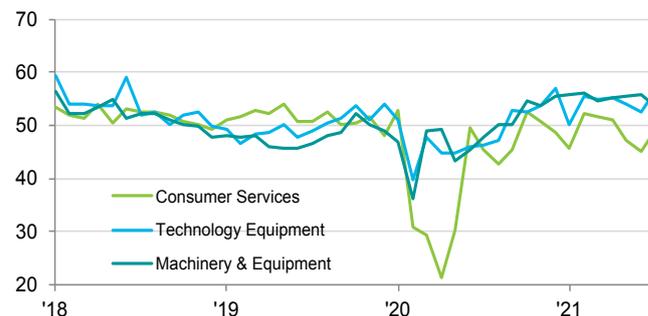
The strongest growth was recorded in Technology Equipment, which also posted the fastest rate of job creation at the start of the second half of 2021. The sector also led the rankings for input price inflation, and was ranked fourth for new orders and output expectations. The other technology sector, Software & Services, registered the fourth-fastest rise in activity of all sectors in July, its highest ranking since December 2019.

Machinery & Equipment registered the second-fastest rate of output growth of all sectors in July, and remained the highest ranked sector over 2021 so far on average. That said, growth eased to an eight-month low in July.

Transportation climbed seven places in the activity growth rankings in July, the most of any sector, to third overall. This was the sector's highest rank since August 2019. New business growth was the third-fastest of all sectors and the strongest since August 2019.

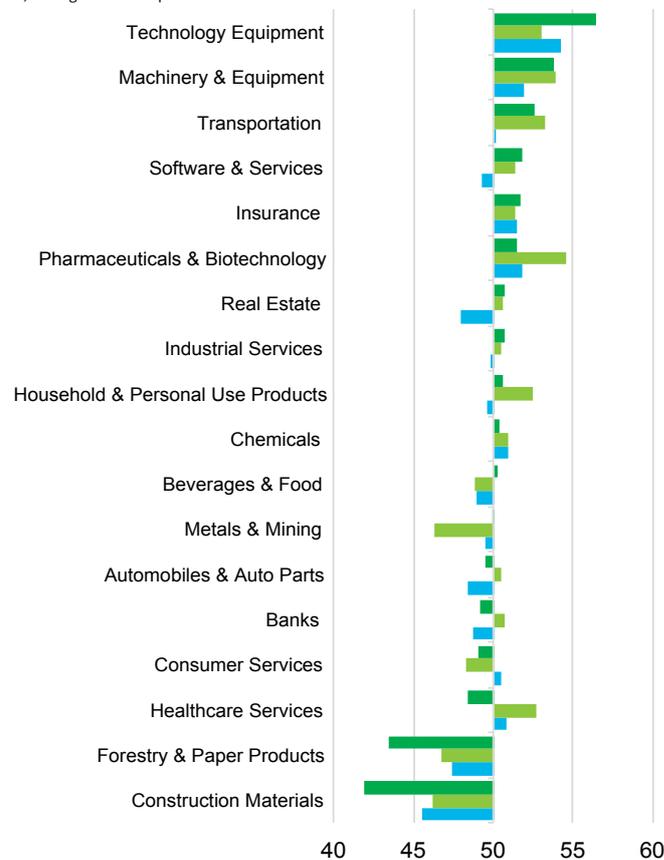
The Chemicals sector registered a thirteenth successive monthly rise in output in July, the longest current sequence of expansion of any sector. That said, the rate of growth slowed to a weak pace, with the sector ranked tenth overall. The next-longest current growth sequences were in Machinery & Equipment and Real Estate, extending to 12 months in both cases.

Asia Output Index
sa, >50 = growth since previous month



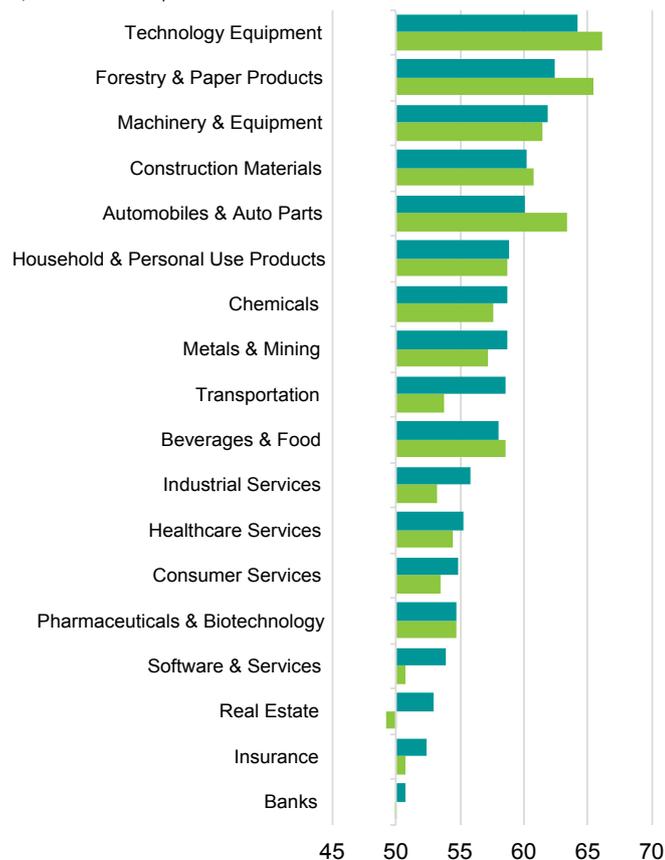
Source: IHS Markit.

Output Index ■ / New Orders Index ■ / Employment Index ■, Jul '21
sa, >50 = growth since previous month



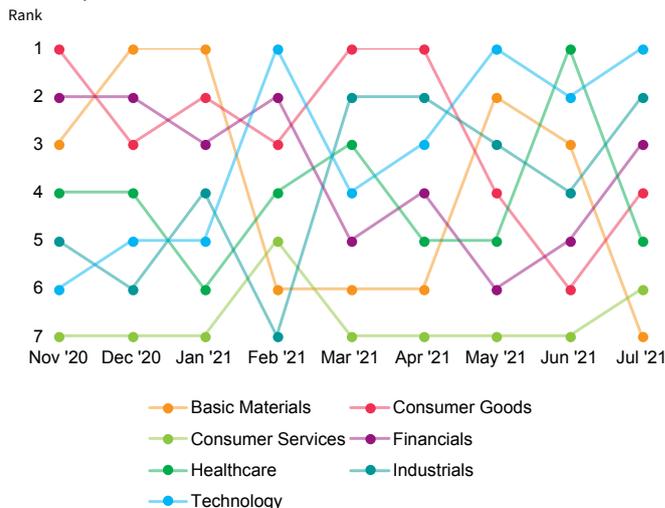
Source: IHS Markit.

Input Prices Index, Jul '21 ■ Jun '21 ■
 sa, >50 = inflation since previous month



Source: IHS Markit.

Asia Output Index



Source: IHS Markit.

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Methodology

The IHS Markit Asia Sector PMI™ indices are compiled by IHS Markit from responses to questionnaires sent to purchasing managers in IHS Markit's Asian PMI survey panels, covering over 6,000 private sector companies in 13 regions.

IHS Markit maps individual company responses to industry sectors according to standard industry classification (SIC) codes. Asia Sector PMI indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology industry groups, and sub-sectors of these groups.

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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About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.
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