

News Release

Embargoed until 0930 BST (0830 UTC) 6 August 2024

S&P Global Sector PMI®

Basic materials weakness returns amid deteriorating demand conditions in July

Key findings

Five sectors fall into contraction territory after broad-based activity growth in June

Renewed jobs growth across Financials

Demand weakness mainly focused on manufacturing sectors

After having seen activity growth in all 21 monitored sectors for the first time for nearly three years in June, there were fresh declines across five sectors in July. The latest Global Sector PMI® revealed that the areas of weakness were largely focused on manufacturing sectors, with demand faltering at goods producers across the board.

The recovery of the broader Basic Materials category was in fact short-lived. Both Metals & Mining and Forestry & Paper Products recorded renewed contractions in output, with the latter posting the sharpest downturn of all 21 monitored sectors. Though output growth was sustained for a seventh successive month in the Chemicals sector, it joined the other parts of the Basic Materials category in posting a drop in order book volumes.

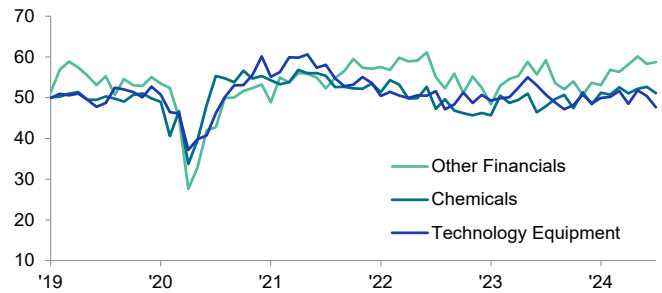
At the other end of the scale, Other Financials recorded the fastest rise in activity for a fourth month running, closely followed by Banks in July. The broader Financials sector remained the best performer, supported by marked activity growth in each contributing sector, excluding Real Estate where the uplift was only marginal. Employment across the broader category also improved in July as all sectors recorded a fresh uplift in payroll numbers.

July's data highlighted disparity in demand conditions between manufacturers and service providers, with new order inflows only present in the latter. Telecommunication Services was the only sector to buck this trend registering its first decrease in new business for seven months.

The number of sectors cutting employment was more than double those posting jobs growth in July. In line with demand, job creation was largely centred on services firms, with Tourism & Recreation the only exception. The sector recorded a renewed drop in headcounts and reportedly faced strong cost pressures in July, with only Forestry & Paper Products registering a faster rise in input prices.

Global Sector PMI Business Activity Index

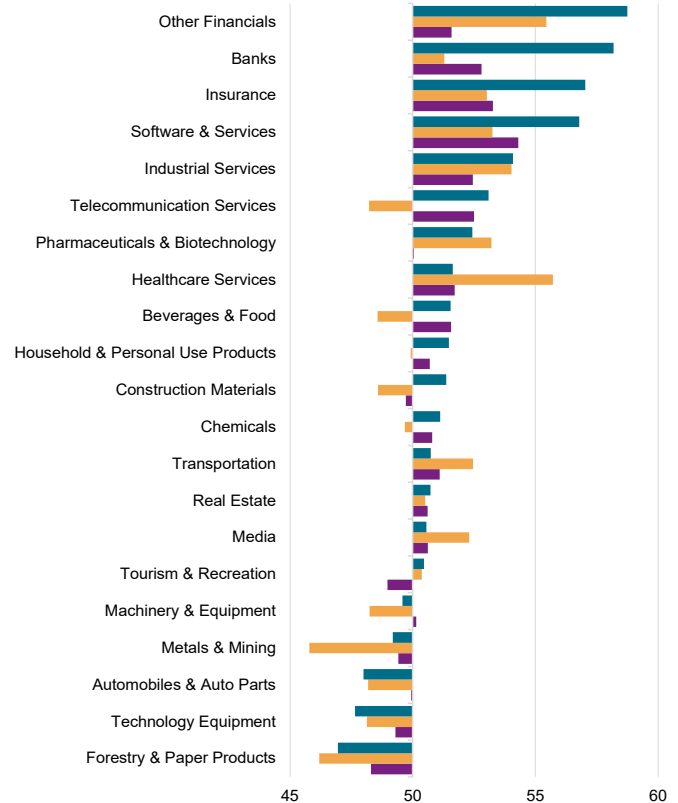
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index
New Orders Index
Employment Index

sa, >50 = growth since previous month

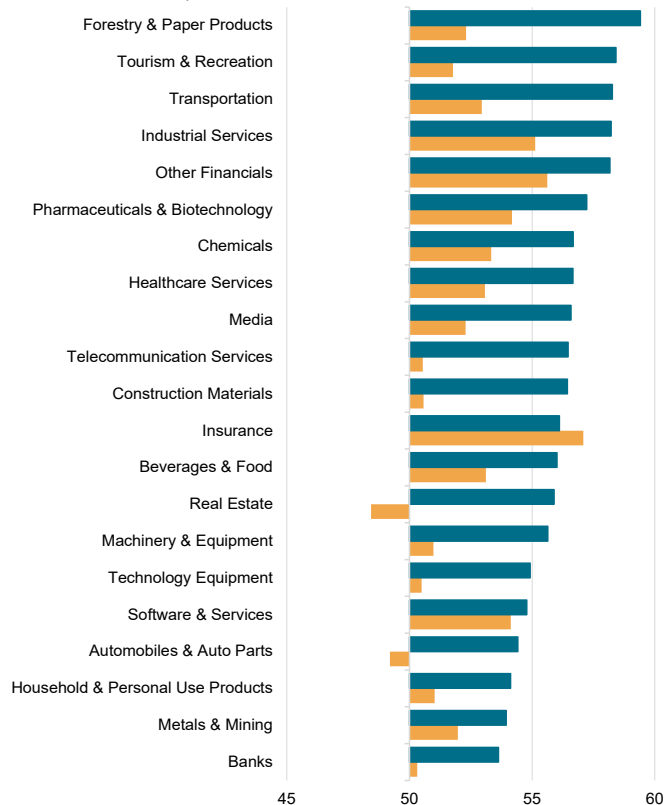


Source: S&P Global PMI.

Price Indices

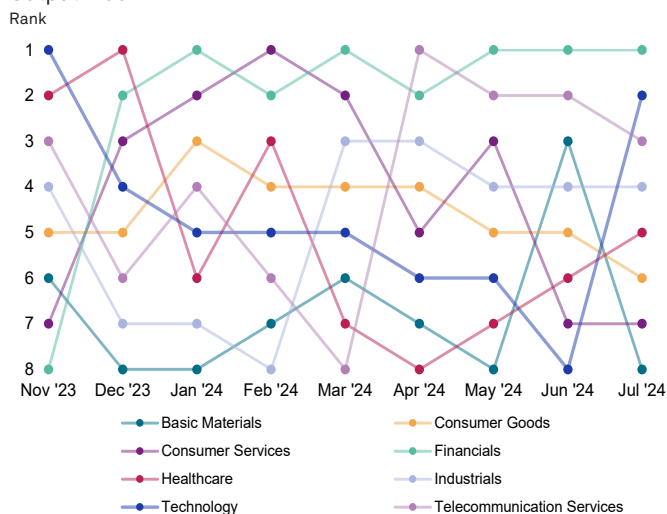
■ Input Costs ■ Output Charges

sa, >50 = inflation since previous month



Source: S&P Global PMI.

Output Index



Source: S&P Global PMI.

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Survey methodology

The S&P Global Sector PMI® indices are compiled by S&P Global from responses to questionnaires sent to purchasing managers in S&P Global's global PMI survey panels, covering over 27,000 private sector companies in more than 40 countries.

S&P Global maps individual company responses to industry sectors according to standard industry classification (SIC) codes. Global Sector PMI indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials, technology and telecommunication services 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@spglobal.com.

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. spglobal.com/products/pmi.html

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