

News Release

Embargoed until 0930 BST (0830 UTC) 7 June 2022

S&P Global Sector PMI™

Post-COVID boost in Consumer Services contrasts with weakness in manufacturing

Key findings

Tourism & Recreation activity up sharply, leading to record job creation

New business at Banks falls for first time in two years

Beverages & Food input prices rise at fastest pace on record

The latest S&P Global Sector PMI™ data signalled that, while most categories saw business activity rise midway through the second quarter of the year, a number of sectors struggled amid weaker demand and steep price rises. Weakness was mostly seen in the manufacturing sector, while the best-performing categories were often in consumer-facing areas which continued to benefit from a post-COVID recovery.

This was particularly evident in the Tourism & Recreation sector, which posted the second-fastest rise in activity of the 21 categories covered as growth hit a ten-month high. The increase in activity reflected a sharp and accelerated expansion in new business in the sector. In response to greater workloads, firms in the sector ramped up hiring, with job creation the steepest since the series began in October 2009. Other strong performers on the services side included Other Financials, Industrial Services and Media.

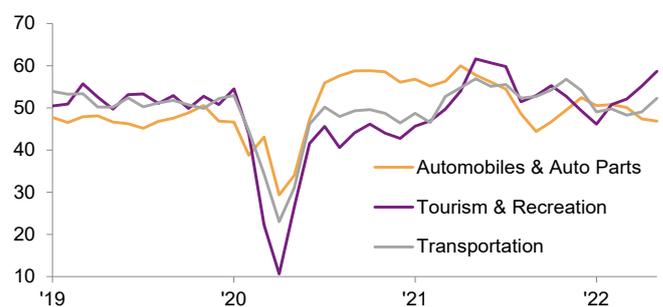
At the other end of the scale, Banks posted the most marked decline in activity of all the sectors covered in May. Output was down for the second month running, and to the greatest extent in two years. This came amid the first reduction in new business for two years, with new orders down substantially.

Other areas of weakness were primarily situated in the manufacturing sector, with the Automobiles & Auto Parts, Metals & Mining, Forestry & Paper Products and Machinery & Equipment categories all seeing production fall in May. Autos output was down for the second month running amid the sharpest reduction in new orders since the initial outbreak of the COVID-19 pandemic.

Companies across the board signalled ongoing steep cost pressures midway through the second quarter. Tourism & Recreation posted the fastest rise in input prices, with inflation only fractionally softer than the previous month's series record. Sharp increases were also seen in Forestry & Paper Products and Beverages & Food, the latter posting the fastest inflation on record.

Global Sector PMI Business Activity Index

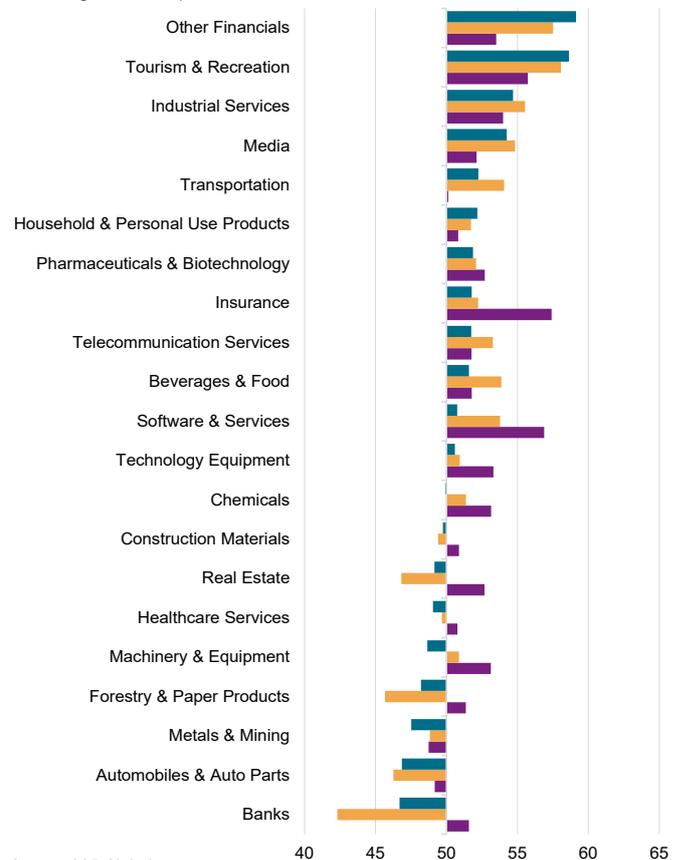
sa, >50 = growth since previous month



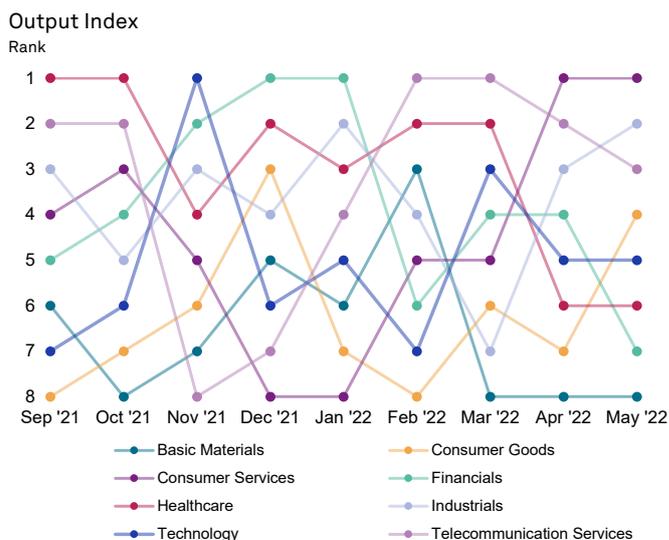
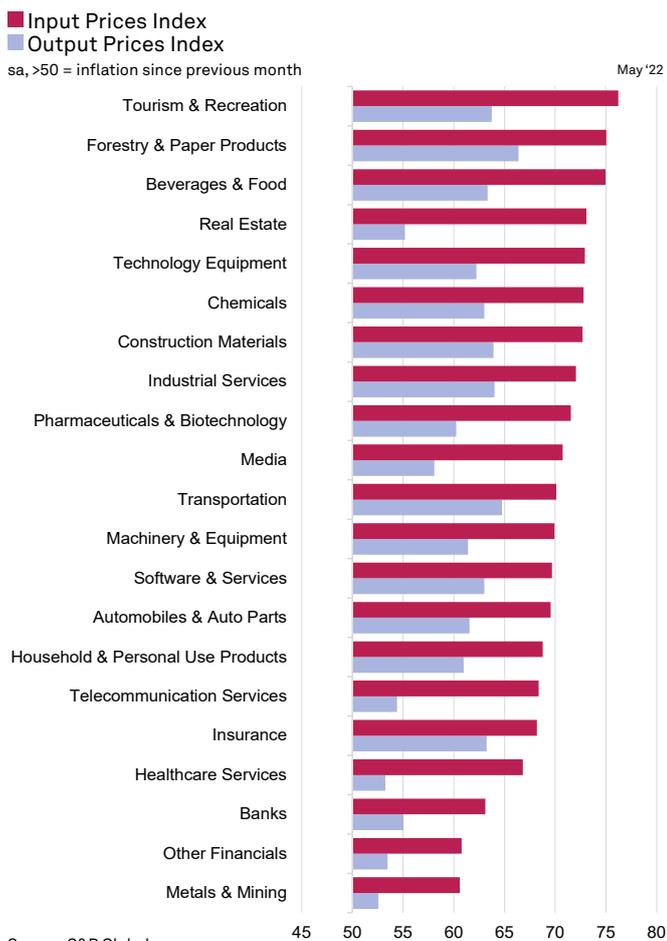
Source: S&P Global.

Output Index
New Orders Index
Employment Index

sa, >50 = growth since previous month



Source: S&P Global.



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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@ihsmarkit.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. ihsmarkit.com/products/pmi.html.

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