

News Release

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S&P Global Sector PMI™

Renewed rise in Consumer Services activity

Key findings

Tourism & Recreation and Media return to growth

Basic Materials and Financials sectors continue to struggle

Widespread improvement in optimism

The latest S&P Global Sector PMI™ data signalled a mixed picture across the global economy in the opening month of 2023. Sectors in the Basic Materials and Financials categories remained under pressure, but there were signs of recovery in Consumer Services. Moreover, there was a widespread improvement in business confidence, with the vast majority of sectors covered more optimistic in the year-ahead outlook than had been the case at the end of 2022.

Just six of the 21 monitored sectors saw business activity increase in January as the Financials and Basic Materials categories in particular remained in contraction mode. Within these groupings, Real Estate, Chemicals and Forestry & Paper Products posted marked reductions in output. With demand in these parts of the economy weakening, price pressures were also muted. In fact, output charges decreased in Forestry & Paper Products and Banks, the former seeing a reduction for the first time in just over two-and-a-half years.

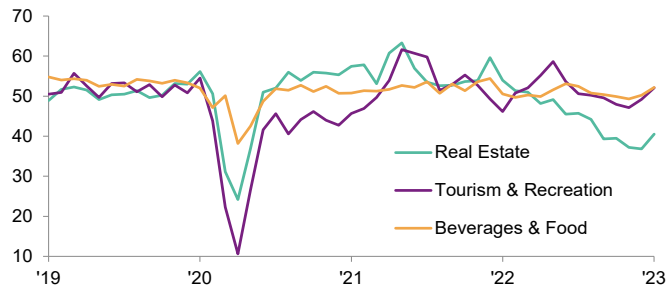
More positive was a return to growth of consumer facing services including Tourism & Recreation and Media, where activity increased for the first time in five and seven months respectively on the back of solid growth of new orders at the start of the year. Both of these sectors also signalled job creation, along with 11 other categories.

Beverages & Food production rose for the second month running in January, with the rate of expansion picking up to the fastest since July 2022 as new orders increased for the first time in four months. Rates of input cost and output price inflation remained elevated in the sector, however, and were slightly stronger than in December.

Looking to the future, there was a widespread improvement in business confidence at the start of 2023, with all but four sectors more optimistic regarding the year-ahead outlook than they had been in December.

Global Sector PMI Business Activity Index

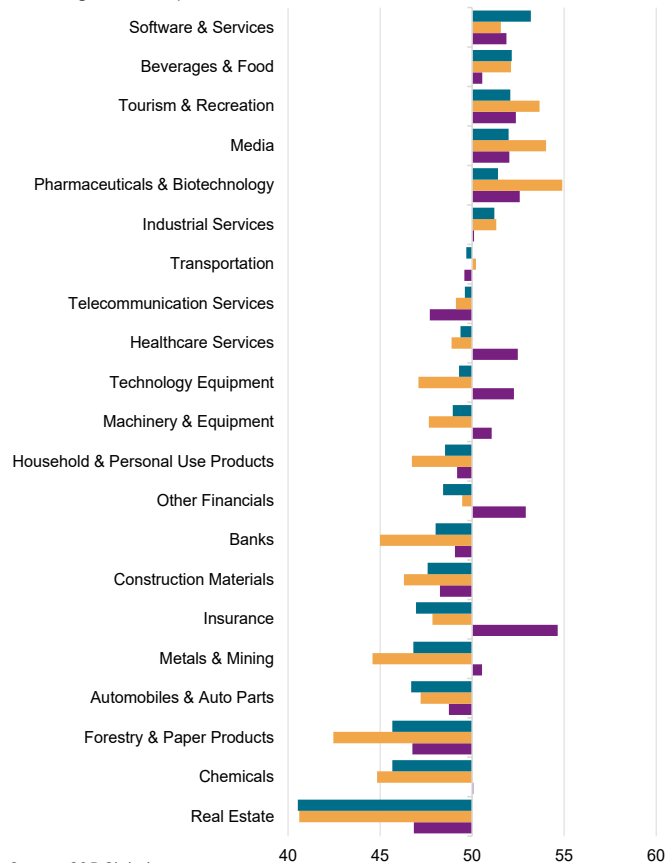
sa, >50 = growth since previous month



Source: S&P Global.

Output Index
New Orders Index
Employment Index

sa, >50 = growth since previous month

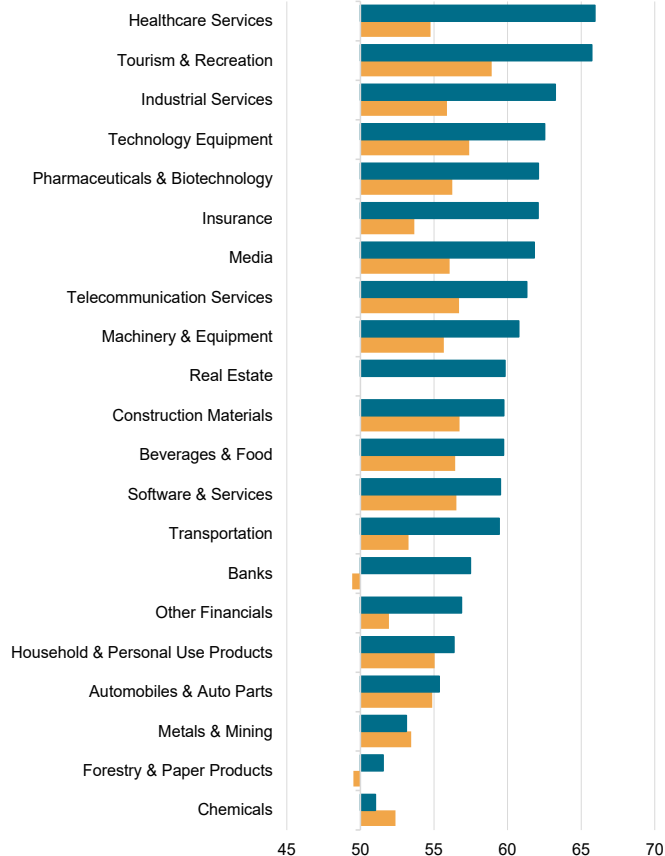


Source: S&P Global.

Price Indices

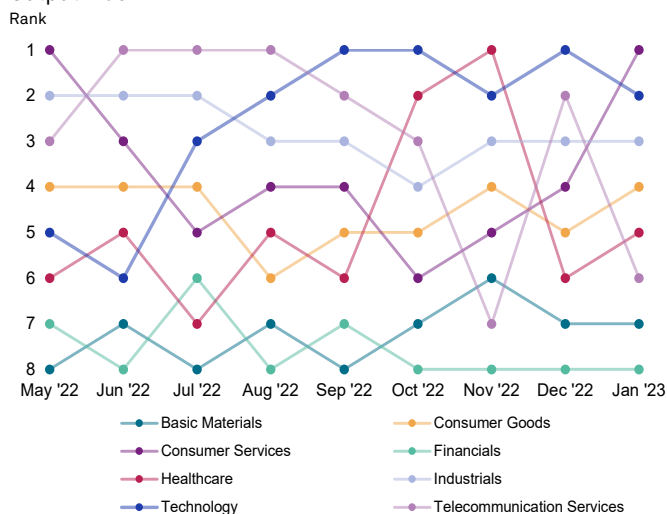
■ Input Costs ■ Output Charges

sa, >50 = inflation since previous month



Source: S&P Global.

Output Index



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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