

News Release

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S&P Global Asia Sector PMI™

Activity growth led by Insurance companies in June

Key findings

Insurance leads expansion in output for the first time in ten months

Fewest sectors reporting growth since January

Fresh contraction in output across Basic Materials

The latest S&P Global Asia Sector PMI™ pointed to a mixed picture across the Asia economy at the end of the second quarter. Of the 18 monitored sectors, only 13 posted growth of activity in June, down from 15 in May.

Despite softening on the month, Insurance led the upturn, posting the fastest rise in output of all the sectors for the first time in ten months. Pharmaceuticals & Biotechnology was the second-strongest detailed sector in June, the rate of output growth here accelerating to the highest for a year. Meanwhile, rising interest rates across the region hampered growth in Real Estate which slipped four places down to fifth position. Nonetheless, the upturn was sharp overall.

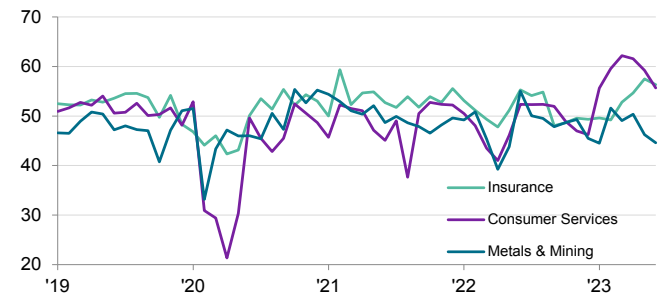
When looking at broad sector categories, the latest data signalled a dependence on services sector to propel growth across the region, with Consumer Services and Financials being the strong performers. Moreover, Consumer Services, Banks, Insurance and Real Estate made up half of the eight sectors that raised their workforce numbers. On the other hand, most manufacturing sectors registered job shedding.

Following two months of timid growth in output, Basic Materials fell back into contraction territory during June. The downturn across this broad-sector category was fuelled by quicker rates of reductions in Forestry & Paper Products and Metals & Mining. Meanwhile, Chemicals posted a sub-50.0 reading for the first time in three months.

Turning to prices, only 14 sectors indicated increasing input prices during June, the lowest for three years. Consumer Services signalled the steepest rise in prices, followed by Beverages & Food, where inflationary pressures ticked up to a three-month high. In line with the subdued picture for demand, Chemicals indicated the sharpest reduction in operating costs since January 2016.

Asia Sector PMI Business Activity Index

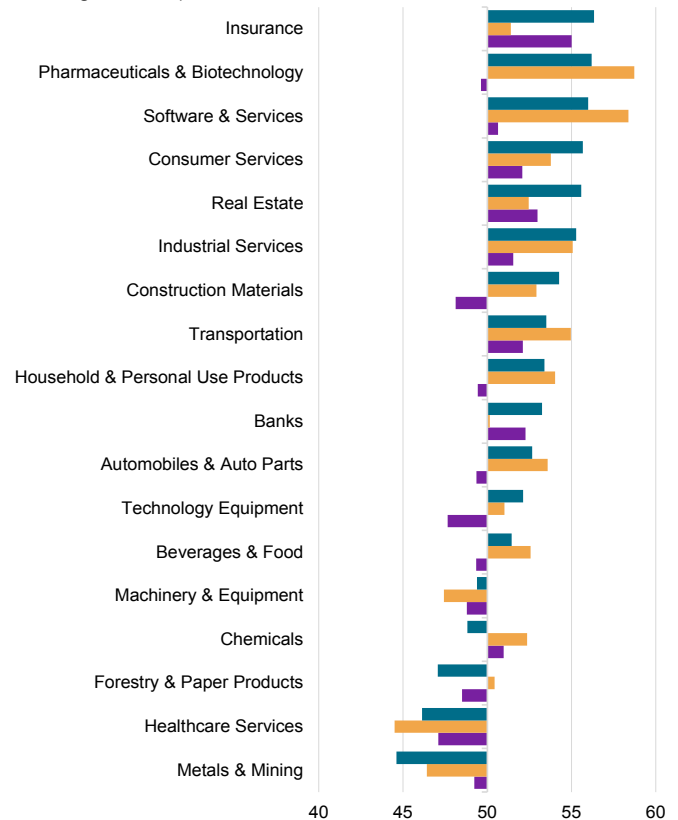
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index
New Orders Index
Employment Index

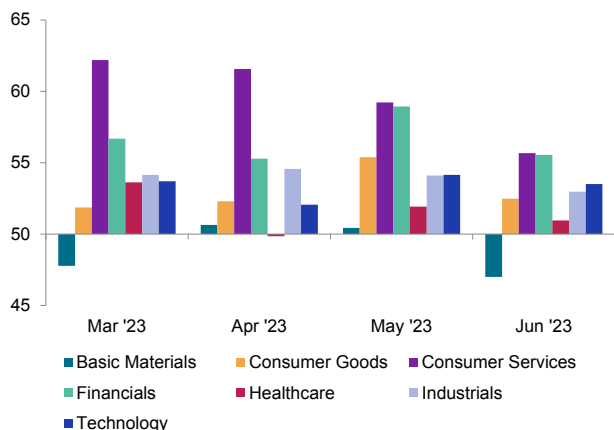
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index

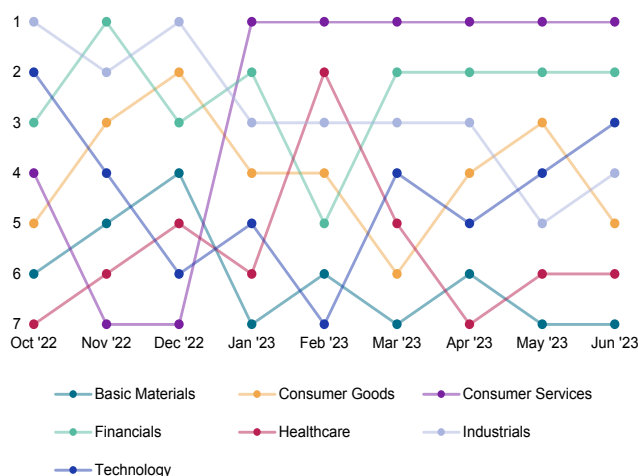
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index

Rank



Source: S&P Global PMI.

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Survey methodology

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

S&P Global 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.

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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