

News Release

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S&P Global US Sector PMI™

Financials category signals sharpest fall in business activity since April 2020

Key findings

Financials is the worst-performing sector for the fifth month in a row

Four out of seven categories record lower output volumes in October

Technology sector indicates fastest growth since May

US Sector PMI™ indices are compiled from responses to questionnaires sent to purchasing managers in S&P Global's US manufacturing and services PMI survey panels, covering over 1,000 private sector companies. Indices are available for the basic materials, consumer goods, consumer services, financials, healthcare, industrials and technology sectors.

Four out of seven US sectors monitored by S&P Global PMI data recorded lower business activity during October. Financials again posted by far the steepest reduction in activity (index at 35.2), with the downturn accelerating to its fastest since April 2020. Financials has been the worst-performing category in each month since June.

Consumer Services (index at 47.5) was the second-weakest performing sector in October. Business activity has now fallen for four months in a row, although the latest reduction was the least marked since July. Survey respondents typically commented on falling consumer spending on non-essential services due to intense cost-of-living pressures. Producers of Consumer Goods also returned to contraction territory in October, although the rate of decline was only fractional and much softer than seen for Consumer Services.

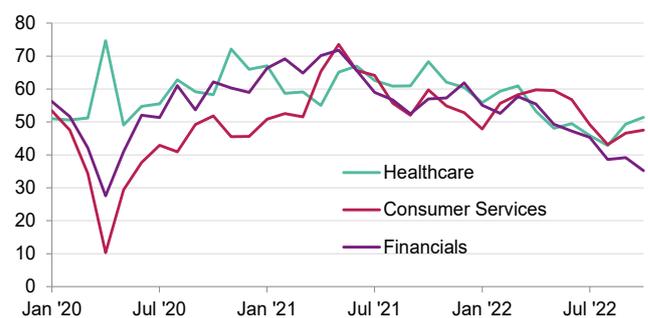
October data indicated a sustained reduction in output across the Basic Materials category, driven by softer demand for manufacturing inputs. The latest fall in production volumes was the steepest since June 2020.

Marginal rates of output expansion were recorded in the Industrials and Healthcare sectors during October, with the latter signalling an increase in activity for the first time since April.

Finally, the Technology sector was the fastest-growing area monitored by the survey during October. Business activity expanded at the quickest pace since May, which continued the turnaround from the downturn seen in August.

Business Activity Index

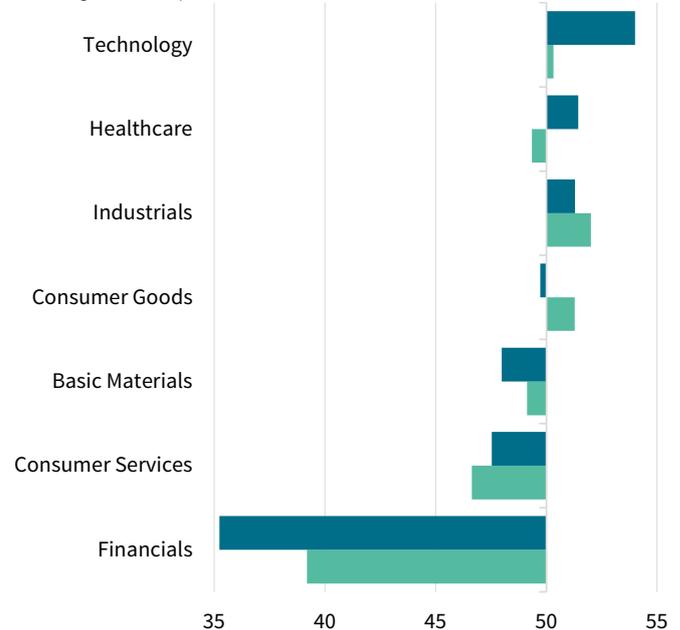
sa, >50 = growth since previous month



Source: S&P Global.

Output Index, Oct '22 / Sep '22

sa, >50 = growth since previous month



Source: S&P Global.

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Survey methodology

The S&P Global US Sector PMI™ indices are compiled by S&P Global from responses to questionnaires sent to purchasing managers in S&P Global's US manufacturing and services PMI survey panels, covering over 1,000 private sector companies.

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

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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