

News Release

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S&P Global Asia Sector PMI™

Sectors within the Financials group lead Asian growth in August

Key findings

Insurance tops Asian sector growth rankings for a second consecutive month

Staffing levels fall in 12 of the 18 monitored sectors

Forestry & Paper Products continues to experience sharp inflationary pressures

Asia Sector PMI™ data from S&P Global indicated rising output in 13 of the 18 monitored industries in August, just one fewer than in July. Moreover, only one of the seven broader sector groups recorded a contraction – Basic Materials.

A strong expansion within the wider Financials group was recorded in August, with the Insurance and Banking sectors claiming the first and second respective growth rankings. Both categories also enjoyed accelerated growth in overall sector activity.

The worst performing sector in August was Forestry and Paper Products which recorded a decline in output for a sixth month running. Moreover, the rate of contraction was the fastest in three months and accompanied by the most pronounced decline in new orders and inflation of input prices of the 18 monitored categories. August data also signalled a renewed decrease in the Metals & Mining industry, another sector within the Basic Materials wider group.

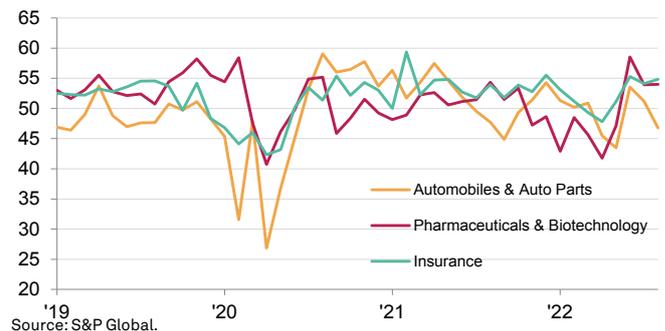
Following two successive months of expansion, August data indicated a renewed contraction in output among Automobiles & Auto Parts firms. The rate of decline was solid overall and mainly driven by a renewed fall in new orders.

In terms of employment, 12 of the 18 monitored categories registered job shedding in August. Despite a renewed expansion in output, the Real Estate industry recorded the fastest contraction in staffing levels, with the rate also one of the most pronounced in the sector’s history. By contrast, workforces expanded at the quickest pace in the Industrial Services sector.

On the pricing front, 17 of the 18 industries reported higher input costs, with Metals & Mining the only sector to register a reduction. At the same time, 14 of the 18 sectors reported higher output prices, with the rate of selling price inflation the most severe in the Construction Materials sector, followed closely by Forestry and Paper Products.

Asia Sector PMI Business Activity Index

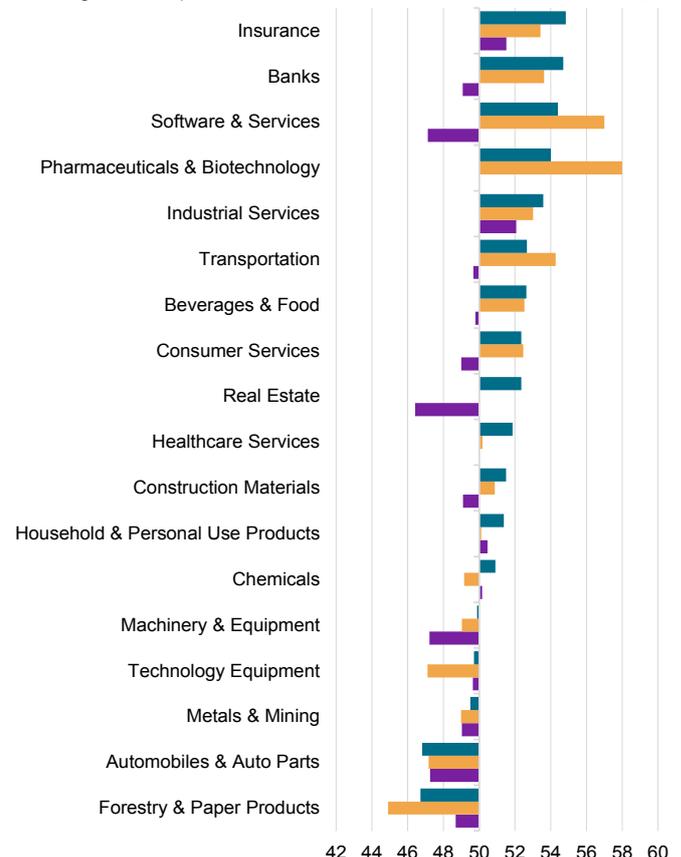
sa, >50 = growth since previous month



Source: S&P Global.

Output Index
New Orders Index
Employment Index

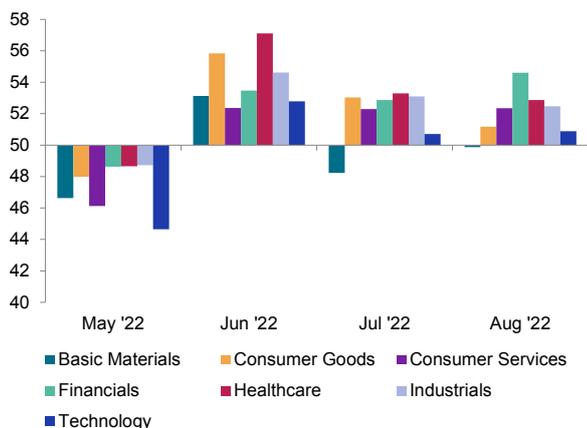
sa, >50 = growth since previous month



Source: S&P Global.

Output Index

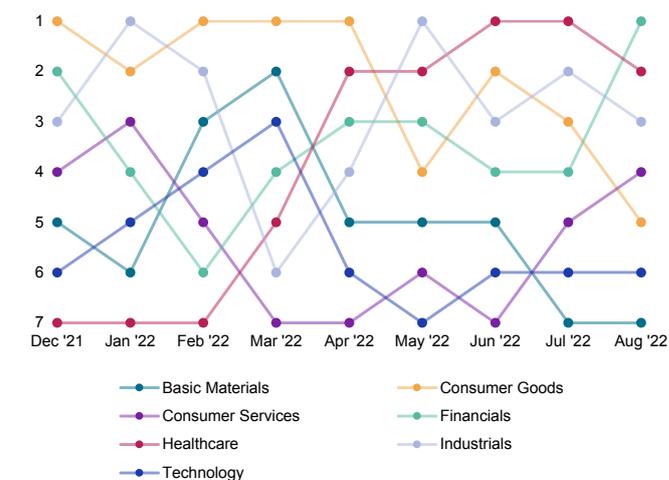
sa, >50 = growth since previous month



Source: S&P Global.

Output Index

Rank



Source: S&P Global.

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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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