

News Release

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S&P Global US Sector PMI™

Sharp downturn in the Financials sector continues to weigh on the US economy

Key findings

Five out of seven sectors register lower output in January

Financials report by far the fastest fall in business activity

Healthcare and Technology growth contrasts with declines elsewhere

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.

January data pointed to falling business activity in five of the seven sectors monitored by S&P Global US Sector PMI data, although rates of contraction varied considerably. Financials (index at 35.0) saw by far the steepest downturn in business activity, while the Consumer Services sector (46.9) experienced the least marked decline.

Financials has been the worst-performing category in each month since June 2022, largely reflecting subdued client demand in the wake of higher borrowing costs and heightened economic uncertainty. The downturn eased only slightly after the near-record reduction in business activity seen during the previous month.

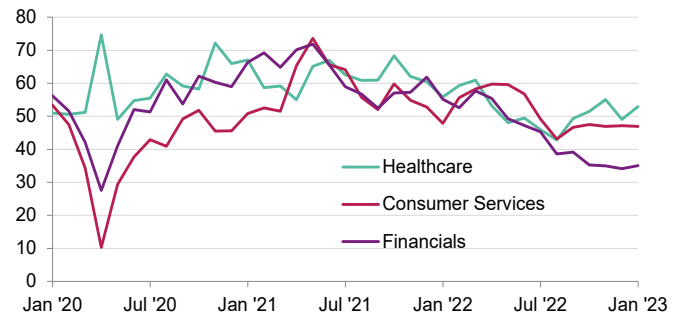
Meanwhile, relatively sharp declines in production volumes were recorded across the Basic Materials and Consumer Goods sectors at the start of 2023. The downturn in Basic Materials output now stretches to seven consecutive months.

Consumer Services also recorded a decline in business activity for the seventh month in a row, which survey respondents mostly attributed to pressure on household finances from elevated inflation.

Business activity stabilized in the Industrials category, while only the Healthcare and Technology sectors reported an overall expansion in January. Higher levels of output have been recorded in the Technology category in each month since September 2022.

Business Activity Index

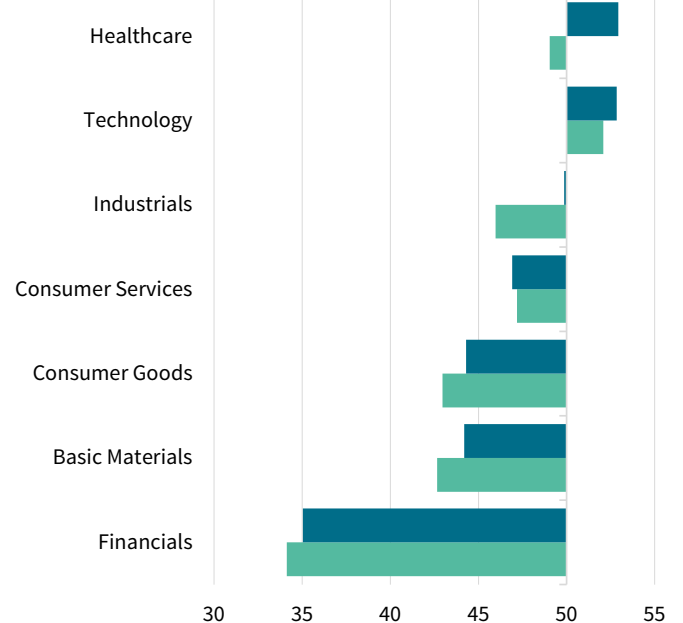
sa, >50 = growth since previous month



Source: S&P Global.

Output Index, Jan '23 / Dec '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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