

News Release

Embargoed until 0830 HKT (0030 UTC) 6 August 2024

S&P Global Asia Sector PMI®

Activity growth maintained for majority of Asian sectors

Key findings

15 of the 18 sectors record rising activity in July

Software & Services remains top performer

Manufacturing sectors show signs of weakness

After a near universal expansion in activity in June, July data signalled growth across 15 of the 18 monitored sectors, according to the latest S&P Global Asia Sector PMI®.

The top performer in July was Software & Services, where activity was raised at a quicker pace. Moreover, Software & Services has now ranked first in four of the last five survey periods. The uptick in activity was supported by a fast-improving demand environment for Software & Services. Growth in new orders was the strongest of the 18 monitored sectors, and the quickest in seven months.

The second strongest performing sector was Banks, which saw activity rise rapidly and to the greatest extent in four months. The other remaining two segments of the broader Financials category - Insurance and Real Estate - also noted quicker, albeit modest, rates of expansion in July.

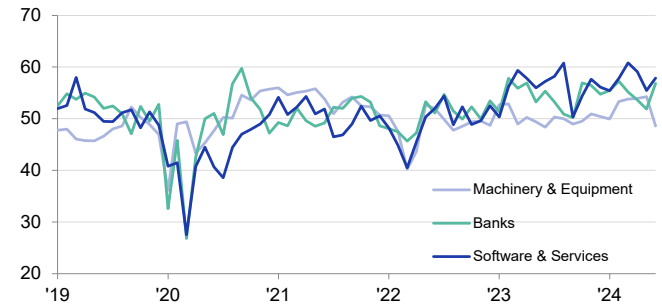
However, there were signs of weakness across the manufacturing sector, as fresh contractions in Machinery & Equipment and Technology Equipment were observed, thereby marking the first month of decrease in eight and three months respectively. Forestry & Paper Products was the other sector to record a drop in output. That said the rate of contraction was fractional and weakest in the current seven-month period of decline. While the remaining manufacturing sectors recorded growth in July, all of these noted a cooldown from June.

The employment picture highlighted expansions in 13 of the 18 monitored sectors, with a number of categories seeing a quicker intake in workforce numbers. Additionally, where job losses were observed (Construction Materials, Technology Equipment and Healthcare Services), the reductions were slight.

Turning to prices, cost inflation eased for all but three of the monitored sectors. Meanwhile, Automobiles & Auto Parts and Banks recorded declines in output prices.

Asia Sector PMI Business Activity Index

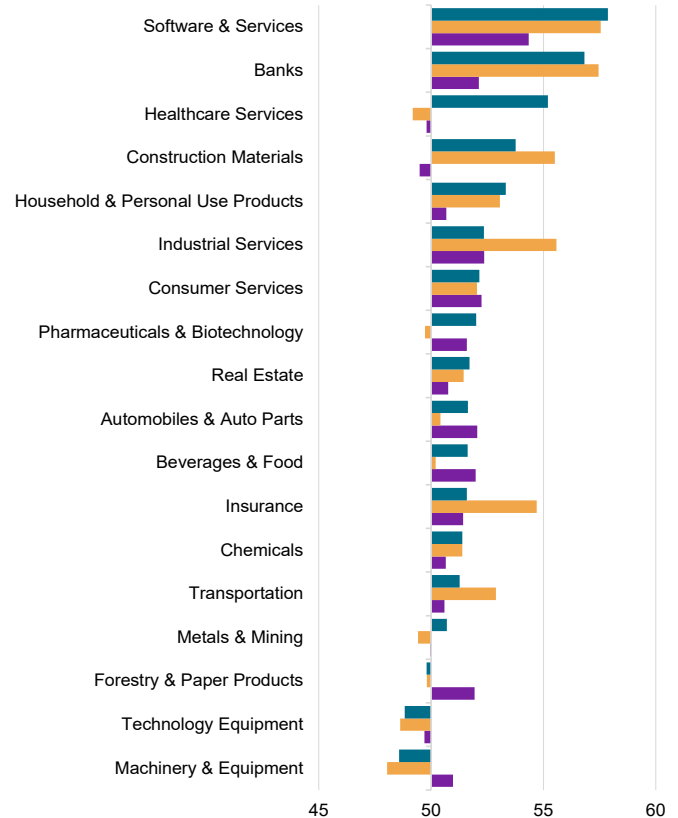
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index
New Orders Index
Employment Index

sa, >50 = growth since previous month



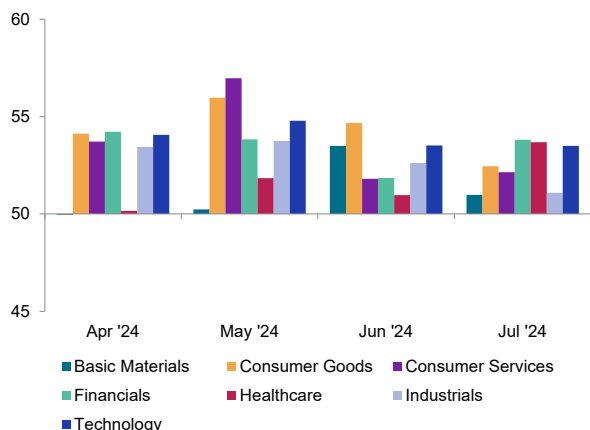
Source: S&P Global PMI.

PMI®

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Output Index

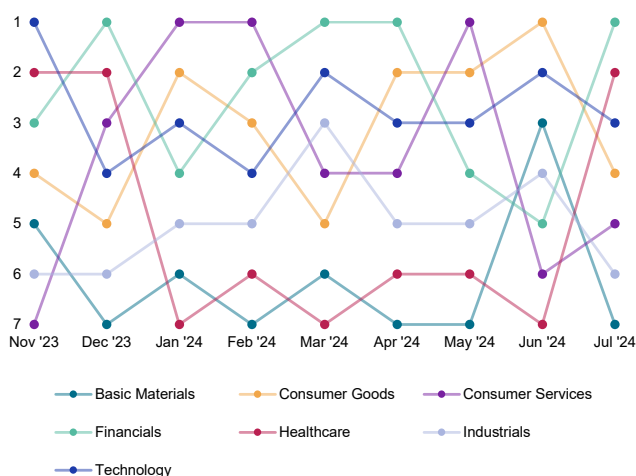
sa, >50 = growth since previous month



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@spglobal.com.

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