

News Release

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S&P Global Asia Sector PMI®

Software & Services continues to lead Asia sector growth

Key findings

Expansions in activity observed in 15 of the 18 monitored categories

Software & Services records strongest uptick in output

Broader Basic Materials category falls back to contraction territory

Unchanged from the month prior, the latest S&P Global Asia Sector PMI® data revealed an expansion in activity in 15 of the 18 monitored sectors in August. Again, Software & Services was the strongest performer, and has now ranked first in five of the last six survey periods. Replacing Banks, Transportation placed second. Firms here recorded a sharp increase in activity, with the rate of growth hitting a 15-month high.

Assessing the broader categories, Financials remained the top performing category for a second straight month. All the underlying segments recorded solid expansions in activity in August, with growth in Real Estate measuring the fastest in 14 months.

At the other end of the scale was the broader Basic Materials category, where a contraction was noted for the first time in eight months. The downturn was fuelled by fresh, albeit modest declines in output at Chemicals and Metals & Mining companies. Rounding off the Basic Materials category is the Forestry & Paper Products sector, which in fact noted an increase in production for the first time in the year to date.

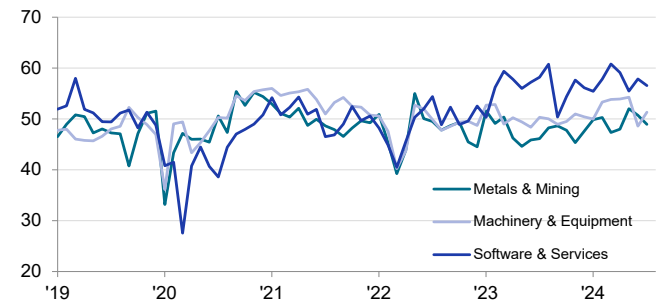
Pharmaceuticals & Biotechnology was the only other sector to record a fall in activity during August. Output here declined for the first time since January. That said, the rate of contraction was slight overall.

The demand picture brightened in August as 16 tracked sectors registered expansions in new businesses, the highest number of sectors to record growth in one-and-a-half years. Chemicals and Metals & Mining were the only two areas which suffered from deteriorating demand trends during August.

However, improving demand trends failed to fully translate through to the labour market, as only 11 sectors raised their staffing levels, of which more than half recorded a slowdown in the rate of job creation.

Asia Sector PMI Business Activity Index

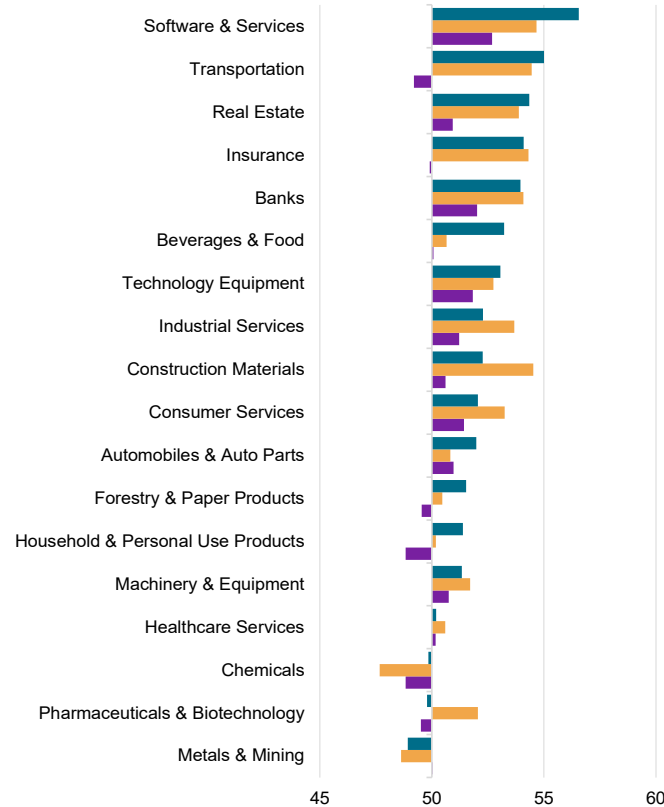
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index
New Orders Index
Employment Index

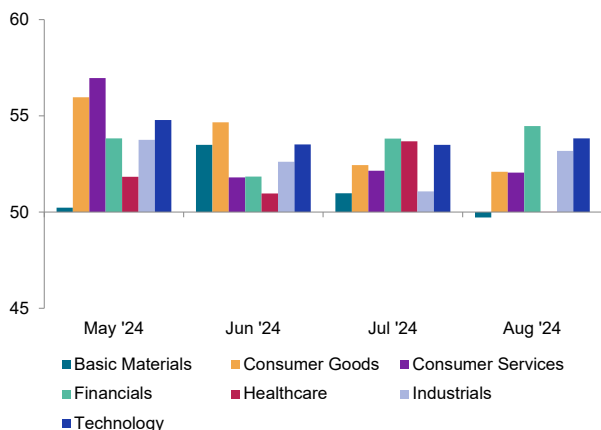
sa, >50 = growth since previous month



Source: S&P Global PMI.

Output Index

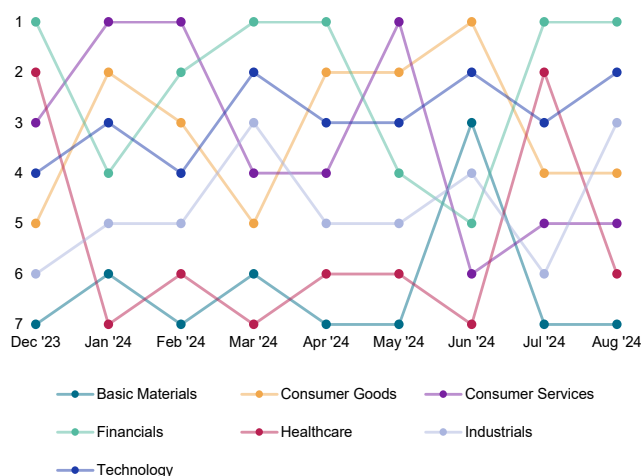
sa, >50 = growth since previous month



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 Asian private sector companies.

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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