

# Global Basic Materials PMI

## Metals & mining sector posts further drop in output in May

- **Metals & mining output falls at fastest rate since last October**
- **Chemicals output growth at four-month high**
- **Forestry & paper products show stable trend**

Markit's newly released global sector PMI data signalled that output of **basic materials** declined slightly in May, following a similarly mild contraction in April. Of the eight broad industry groups covered by the PMIs, basic materials was unusual in being the only sector to see a drop in activity with the exception of the smaller telecommunication services industry.

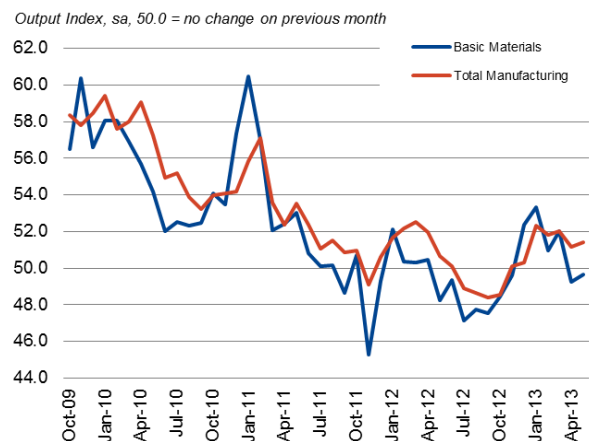
The downturn in basic materials production was driven by a fall in new orders for the second month running. The volume of outstanding business declined for the twenty-sixth successive month, as firms ate into existing orders to support workloads.

The basic materials industry group has generally underperformed the global manufacturing sector as a whole over the past two years. The Global Basic Materials Output Index has fallen below the wider Global Manufacturing Output Index in 20 of the past 24 months. Moreover, the trend in basic materials often leads the wider manufacturing economy, suggesting the current spell of manufacturing weakness may persist in coming months.

### Detailed sector breakdown

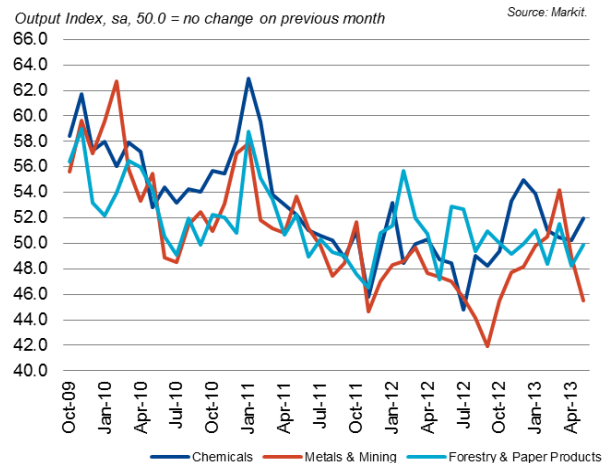
Differing trends were evident across the sectors that make up the broad basic materials group. The **metals & mining** sector suffered the largest fall in output since last October, reflecting a second consecutive monthly drop in new orders. **Forestry & paper products** reported broadly no change in production since April, while **chemicals** producers registered a seventh successive month of rising output, and the strongest growth since January.

### Global Output Index



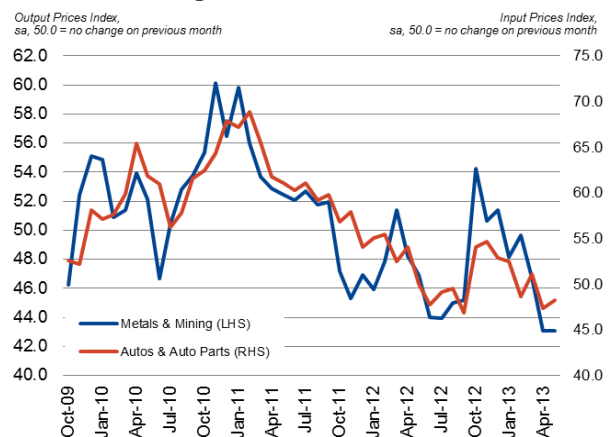
Sources, Markit, JPMorgan.

### Basic Materials: component sectors



Source: Markit.

### Metals & Mining vs. Autos & Auto Parts



Sources, Markit.

**Notes on data**

Markit Global Sector PMI data are derived from surveys of over 20,000 companies operating in 28 countries. The data are released on the fifth working day (UK) of each month at 0930 UK time.

The Global Sector PMI data provide corporate planners and decision makers, economic analysts, policy makers and investors with a powerful and unique database with which to monitor business cycles by industry. Sector trends over time can be tracked as well as relative performance between sectors, allowing identification of key growth industries and the drivers within them.

The data create powerful insight into sector profitability and provide tools for investment strategy and asset allocation. Corporate users are able to examine trends within industry sectors, to help industry forecasting and inventory planning. The dataset provides monthly indicators of business trends across variables such as output, order books, prices, inventories and employment for eight major groups including: basic materials, consumer goods, consumer services, financials, healthcare, industrials, technology and telecommunication services; and a further 26 sectors and subsectors of those groups.

Detailed historical global sector data are available via a subscription from Markit, and datasets are also available for Europe. For further information please contact [economics@markit.com](mailto:economics@markit.com).

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**Markit Global Sector PMI structure****Groups**

- Sectors
- Subsectors

**Basic Materials**

- Chemicals
- Resources
  - Forestry & Paper Products
  - Metals & Mining

**Consumer Goods**

- Automobiles & Auto Parts
- Beverages & Food
  - Food
  - Beverages
- Household & Personal Use Products

**Consumer Services**

- Media
- Tourism & Recreation

**Financials**

- Banks
- Insurance
- Other Financials
- Real Estate

**Healthcare**

- Healthcare Services
- Pharmaceuticals & Biotechnology

**Industrials**

- Industrial Goods
  - Machinery & Equipment
  - Construction Materials
- Industrial Services
  - Commercial & Professional Services
  - General Industrials
- Transportation

**Technology**

- Technology Equipment
- Software & Services

**Telecommunication Services**