

Global Basic Materials PMI

Basic materials output expands at solid rate in January, though pace eases from December

- **Basic materials firms' output grows at second sharpest pace of the eight broad sectors**
- **Chemicals sector continues to expand at sharp pace**

Building on the strong growth evident in Q4 2013, global **basic materials** industry grew for the eighth month running in January, according to Markit Global Sector PMI data. Though the monthly rate of growth was solid, it eased from December and was the weakest in three months. Of the eight Markit global sectors, the basic materials industry expanded at the second-sharpest pace in January, with only firms in the **technology** sector registering stronger growth.

Solid business activity expansion was also evident in the **industrial goods** sector, supported by a sixth consecutive month of concurrent increases in outstanding business and payroll numbers at industrial goods-producing firms. This suggested that new order growth at basic materials manufacturers is likely to continue throughout the first quarter of 2014 as manufacturers in other sectors increase purchasing activity to accommodate demand.

Markit Global Basic Materials PMI data are derived from surveys of over 2,700 companies in the global basic materials industry across 28 major economies. Specifically, this includes firms in the chemicals, metals & mining and forestry & paper sectors. All three constituent sectors registered output growth for the fifth consecutive month in January, continuing the broad-based growth seen in the latter half of 2013.

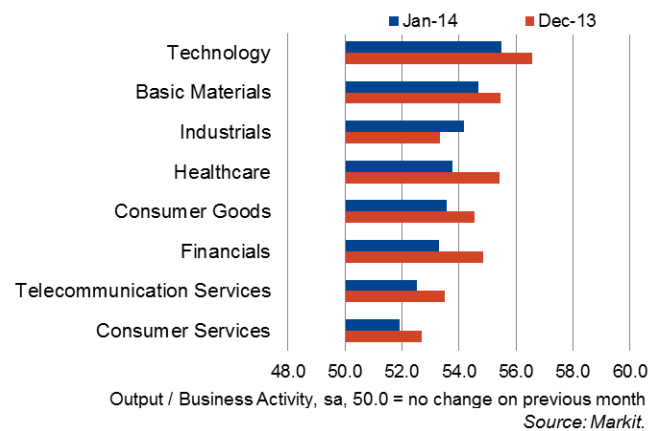
Among the basic materials sectors, firms in the **chemicals** industry expanded at the sharpest pace in January. New orders at manufacturers in the global chemical sector rose for the tenth month running, and at a solid pace. This was supported by solid growth in new export orders, which rose for the fifth successive month.

Metals & mining firms increased production for the fifth successive month in January, and at a solid pace.

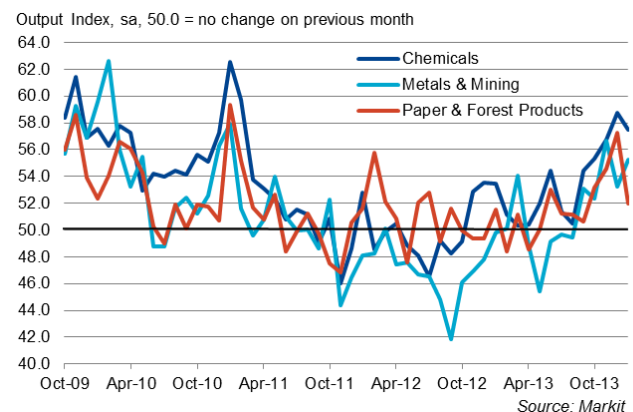
Business outstanding was accumulated at firms in the global metals & mining sector, likely a partial result of six consecutive months of new order growth. However, the rate of expansion in new business eased from December to the weakest in five months, and to a level indicative of only modest growth.

Production at firms in the **paper & forest products** sector grew at the weakest pace of the three industries in the basic materials sector. The data suggested this may have been due to a near stagnation in new orders, which rose at only a marginal pace in January, and a modest decline in new export orders.

Global Sector PMI



Global Basic Materials: Constituent sectors



Notes on data

Markit Global Sector PMI data are derived from surveys of over 20,000 companies operating in 28 countries. The data are typically 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.

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

Claudia Tillbrooke

Economist

Markit

Tel: +44 1491 461039

Email: Claudia.Tillbrooke@markit.com