

Global Sector PMI

Sector PMI highlight broad-based falls in prices in January

- **Ten sectors record falling input prices**
- **Growth of beverages output accelerates for fourth straight month to lead rankings**
- **Banking activity falls for first time since November 2013**

The first batch of global sector PMI™ data from Markit for 2015 saw a number of sectors register falling input prices, most notably **chemicals**. The **beverages** sector registered the strongest increase in output, but **banking** activity declined for the first time in over a year-and-a-half.

Among 23 sectors at the most detailed level, ten registered falling input prices in January. Of these, the steepest rate of decline was seen in **chemicals**, reflecting that sector's exposure to oil prices. Of the remaining sectors, seven were manufacturing-related, with **general industrials**, **beverages** and **metals & mining** showing sharp falls. **Banks** and **real estate** also posted marginal declines in input prices. Meanwhile, a further ten sectors registered slower rates of input price inflation in January.

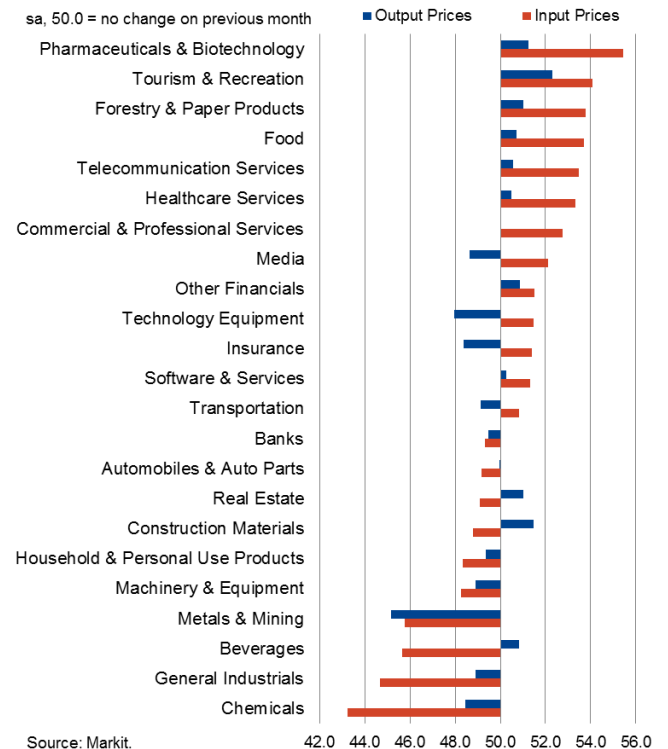
Further evidence of deflationary pressure was provided by output prices. Ten sectors reported lower charges in January, with the steepest decline seen in **metals & mining**, followed by **technology equipment**, **insurance** and **chemicals**.

Beverage firms lead output rankings as banking contracts

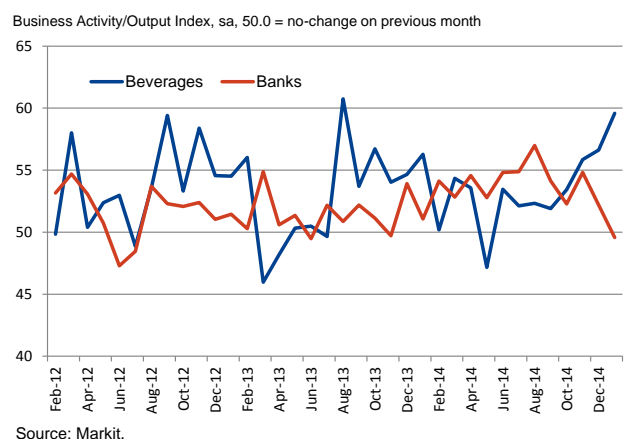
The rate of growth in **beverages** output accelerated for the fourth month running in January to the fastest since August 2013, pushing the sector to the head of the global output rankings during the month. **Food** producers also fared well, ranked fifth overall.

Banking was the second-worst performing sector in terms of business activity growth in January, recording a decline for the first time since November 2013. The only other sector to record lower activity was **media**, where a fifth successive contraction was registered.

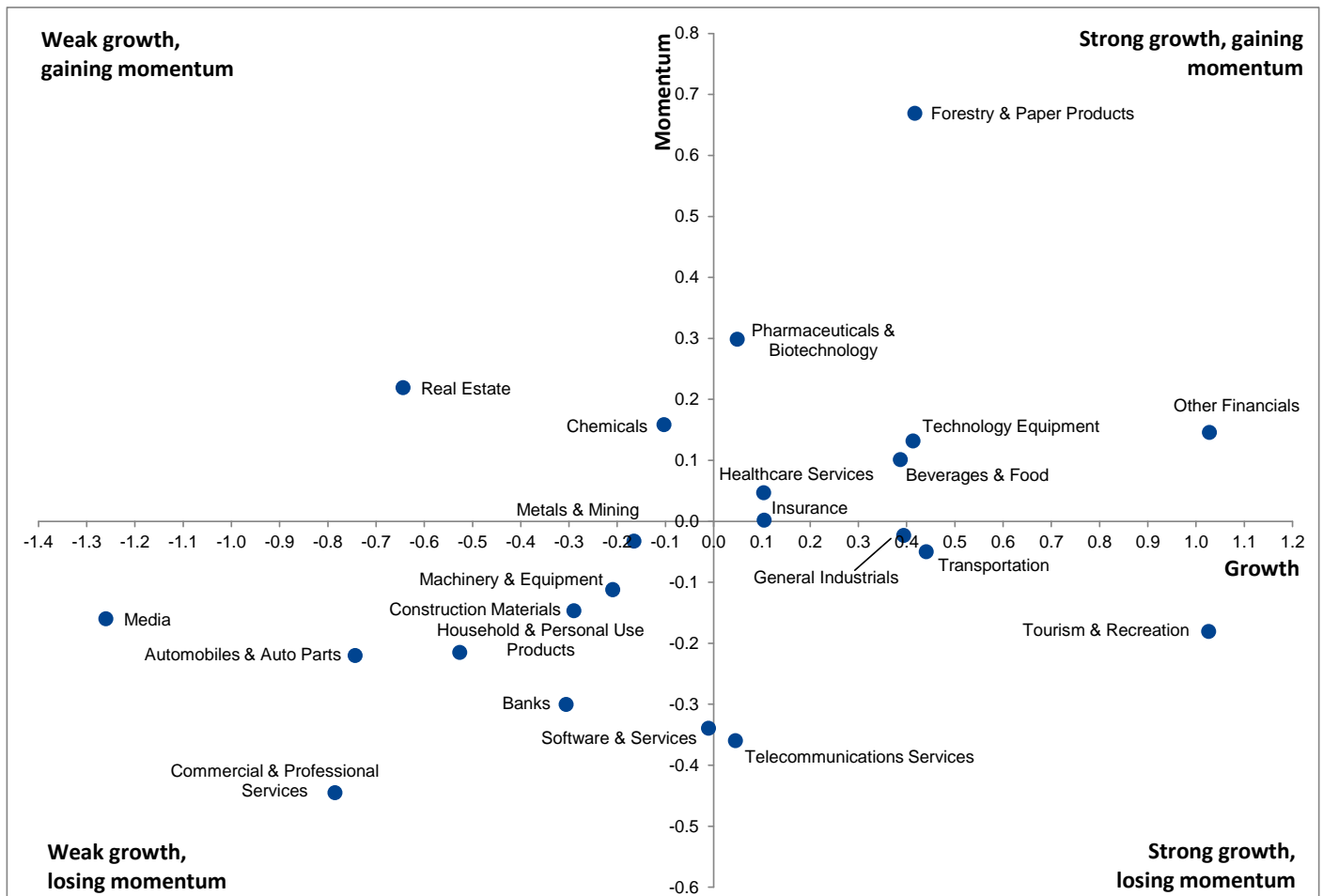
Global Sector PMI: sectors ranked by input costs



Global Sector PMI: beverages and banks



Relative growth and momentum by sector



Momentum and relative growth

Global Sector PMI data can be usefully analysed according to *momentum* and *relative growth*. *Momentum* is calculated as the difference between the average of the Business Activity Index's *month-on-month movement* over the latest three-month period and the long-run average of its month-on-month movement (since October 2009), divided by the standard deviation from the mean. A *relative growth* score is the difference between the Business Activity Index's average over the latest three-month period and its long-run average (since October 2009), divided by the standard deviation from the mean.

An equal number of sectors registered strong relative growth in January as those that saw relatively weak expansion. The strongest rates of relative growth were seen in **other financials** and **tourism & recreation**. **Media** registered the lowest relative growth score, reflecting a continued decline in business activity.

More sectors lost than gained momentum in January. **Commercial & professional services** lost the most impetus, followed by **telecommunication services**, **software & services** and **banks**. **Forestry & paper products** stood out with the highest momentum score, followed by **pharmaceuticals & biotechnology**, **real estate** and **chemicals**.

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 insights 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.

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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