

Asia

Services dominate Asian sector growth rankings in June

- Commercial & professional services lead rankings
- Service providers dominate Asian sectors in Q2
- Capex likely to pick up momentum

Service providers dominated the Asian sector growth rankings, where a majority finished off the second quarter with a further expansion in output during June, according to the **Nikkei Asia Sector PMI**.

June data saw 15 of the 19 sub-sectors covered by the PMI surveys recording an increase in business activity, similar to the number seen in May. Commercial and professional service companies pipped last month's leader, insurance companies, to regain the top position; insurance slipped to third in the rankings. Of the seven top performing sectors, the majority were services-related including: healthcare services, consumer services and banks.

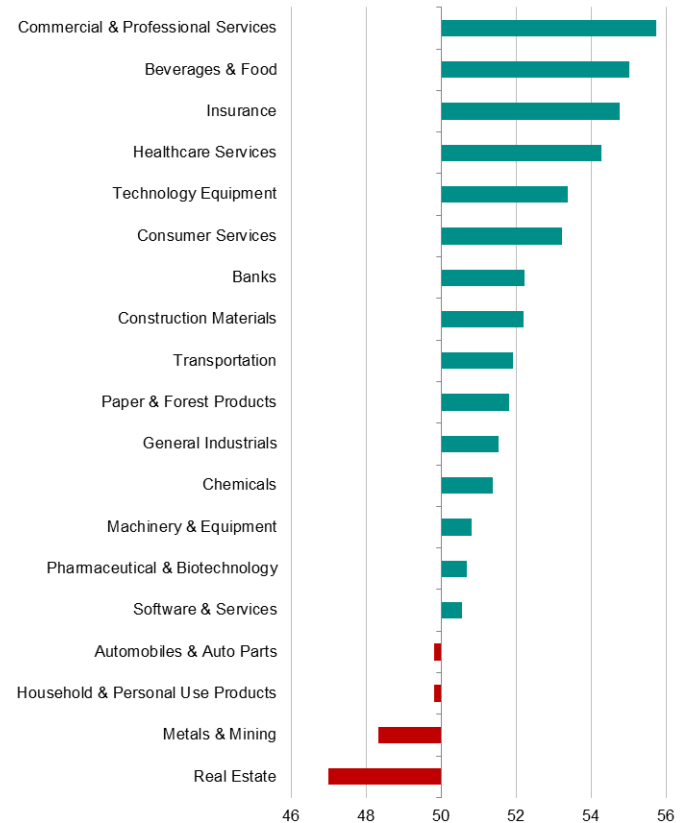
Services dominate Q2

While the overall pace of economic growth remained steady across Asia in June, as signalled by the Asia Composite PMI, the gap between manufacturing and service sectors widened further. The surveys showed that service business activity across the region picked up from May to expand at a rate not seen in over two-and-a-half years, while manufacturing output growth eased to the lowest since September last year.

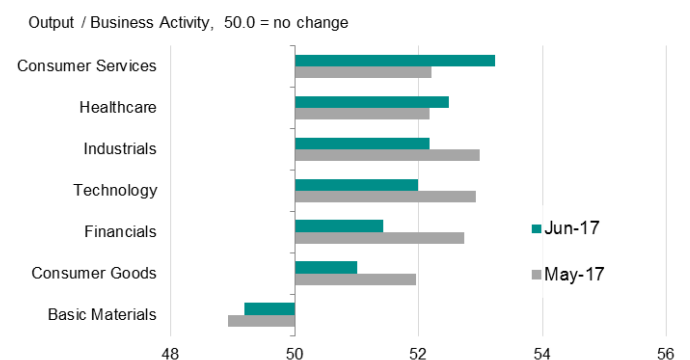
Over the second quarter as a whole, service providers led the rankings on average, accounting for four out of the top five sectors (commercial & professional services, insurance, healthcare services, consumer services) in the league table.

By contrast, basic materials sectors remained in the doldrums, especially metals and mining, and consumer goods producers also struggled. Of note, autos producers reported the first (albeit marginal) drop in production for eight months, contrasting markedly with strong growth at the turn of the year.

Nikkei Asia Sector PMI Output Index: June 2017



Broad categories: June 2017



Sources: IHS Markit, Nikkei.

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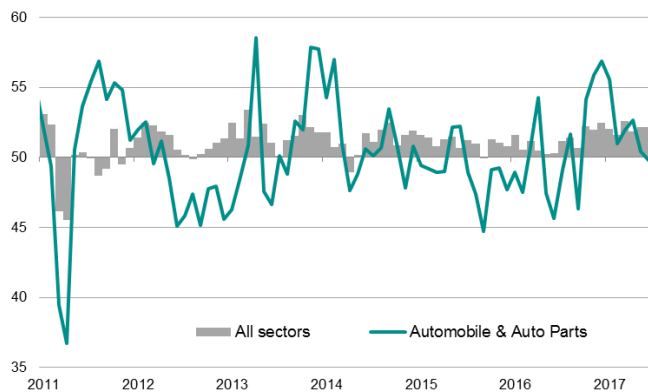
Easing capex growth likely temporary

While PMI data suggested signs of some softness in capital investment spending in June, there are also signs that such weakness will be temporary. Manufacturers of machinery and equipment remained optimistic about future output despite a fall in inflows of new orders and slowing output growth in June.

At the same time, producers of technology equipment reported another month of robust expansion amid solid order book growth and high confidence.

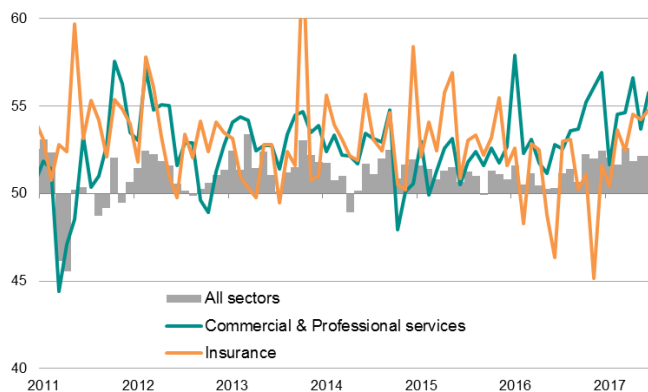
Automobiles & Auto Parts

Asia Sector PMI Output Index



Commercial & professional services and insurance

Asia Sector PMI Output Index



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