

News Release

Purchasing Managers' Index®
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Markit US Sector PMI®

Three sectors post lower output in February

Key points:

- Output falls in healthcare, technology and industrials
- Rise in consumer goods output slows substantially
- Consumer services tops sector rankings thanks to renewed activity growth

US Sector *PMI*® data from Markit provided further evidence of weakening US economic performance in February.

Markit's manufacturing and services PMIs collectively showed the economy grinding to a halt in February, as signalled by a composite Output Index reading of 50.0. This was its lowest level since the financial crisis with the sole exception of October 2013, when the government shutdown disrupted business.

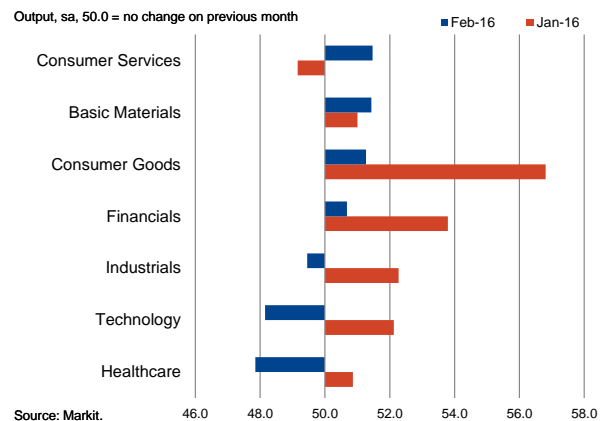
The more detailed sector data revealed how three out of the seven monitored sectors – **healthcare**, **technology** and **industrials** – slipped into decline in February, the most since the series began in October 2009. In January, only one sector – consumer services – had been in decline, and that in part reflected adverse weather.

While the remaining sectors noted growth of activity, the respective rates of expansion were modest at best.

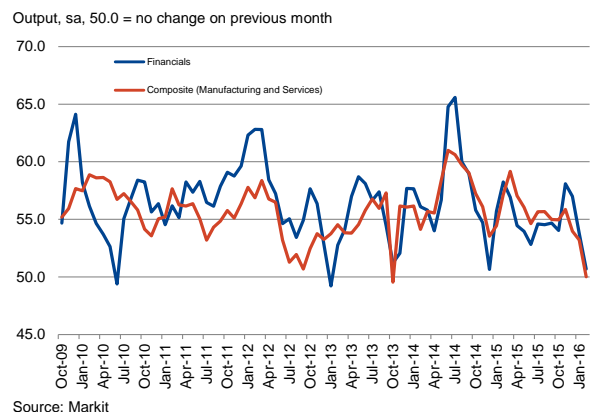
A survey-record decline in output meant that **healthcare** was bottom-ranked in February. Underlying data showed that the downturn was driven by a first reduction in new orders since the series began almost six-and-a-half years ago.

The next two worst-performing sectors were **technology** and **industrials**, where output fell for the first time in 28 and 41 months respectively.

US Sector PMI



US Financials vs Composite PMI



Growth of new business was relatively subdued in both cases. Despite slower growth of output, companies based in healthcare, technology and industrials continued to raise employment, pointing to lower productivity.

Meanwhile, **consumer goods** and **financials** had been the two best-performing groups in January, but marked slowdowns in output growth saw them slip to third and fourth place respectively. In particular,

financial services activity rose at the weakest pace in over three years amid a near-stagnation in new work.

Data were slightly brighter for **consumer services** and **basic materials**. The modest rise in consumer services activity was enough for the sector to climb to the top of the rankings, though this was in part

likely to have reflected a temporary rebound after severe weather disrupted the leisure sector in many states in late January.

Basic materials output rose at the fastest pace in three months, and, with input costs falling more slowly than at the start of the year, the degree of uncertainty appeared to have eased.

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Notes to Editors:

"PMI" is an acronym for *Purchasing Managers' Index*, a type of survey originally developed for tracking business conditions in the manufacturing sector. Markit now uses 'PMI' to describe the methodology used for surveys also undertaken in the services, construction and non-oil private sectors.

Markit US Sector PMI data are based on questionnaire responses from panels of senior executives in over 1000 companies. The data are typically released on the fifth working day of each month, two days' after the Global Composite PMI, at 0945 Eastern US Time.

The US 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 dataset provides monthly indicators of business trends across variables such as output, order books, prices, inventories and employment for seven major groups including: basic materials, consumer goods, consumer services, financials, healthcare, industrials, and technology. Related series for consumer cyclicals and consumer non-cyclicals are also available.

Sector PMI data are generated from the same questionnaire responses as national PMI data, and mapped to Markit's sector classification structure using Standard Industry Classification (SIC) codes. Respondents are asked to state whether business conditions for a number of variables have improved, deteriorated or stayed the same compared with the previous month. Diffusion indexes are calculated for each variable (the percentage of positive responses plus half the percentage of neutral responses). These indexes vary between 0 and 100 with levels of 50.0 signalling no change on the previous month. Readings above 50.0 signal an improvement or increase on the previous month. Readings below 50.0 signal a deterioration or decrease on the previous month. The greater the divergence from 50.0 the greater the rate of change signalled.

The PMI diffusion indexes are then adjusted for seasonality using the X-12 ARIMA program.

Detailed historical US sector data are available via a subscription from Markit, and datasets are also available for Asia, Europe and at a global level. For further information please contact economics@markit.com.

About Markit

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About Markit PMI

Now available for over 30 countries globally, Purchasing Managers' Index™ (PMI™) surveys are among the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited. Markit is a registered trade mark of Markit Group Limited. To learn more go to www.markit.com/economics.

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