

Asia

Uneven performances in Asian sectors

- **Pharmaceuticals & biotechnology remains top-performing Asian sector**
- **Growth in banking sector stays solid despite slowing**
- **Lower vehicle sales weigh on autos production**

Limited growth in Asian business sectors is indicative of the sluggish pace of global economic expansion. [Global demand and business conditions](#) remain fragile in spite of countries' efforts at stimulating growth through policy measures. But there are some Asian sectors faring far better than others.

Drugmakers and banks lead

The pharmaceuticals and biotechnology sector continued to dominate the Nikkei Asia Sector PMI rankings in September, driven by strong growth in new business inflows. The sector remained the top performer for the third month in a row, leading by a sizable margin.

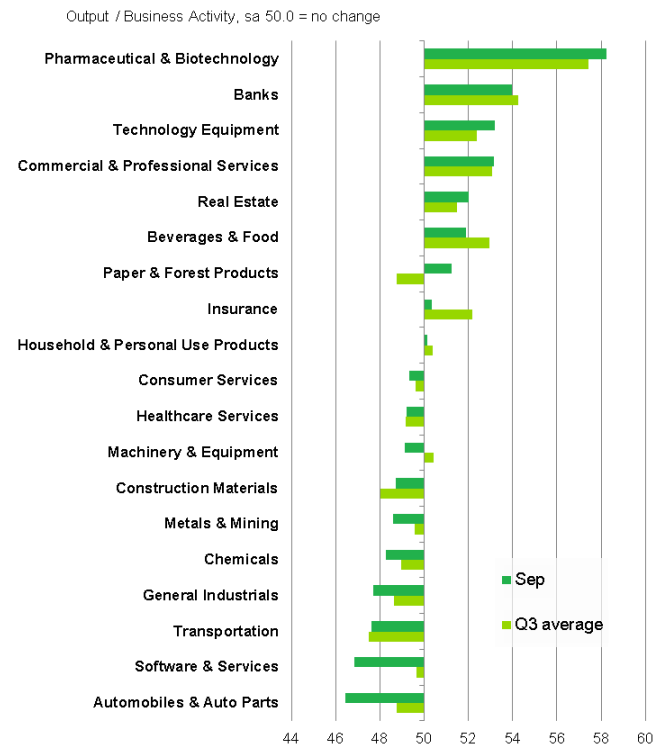
In comparison, the sector was ranked fifth globally, suggesting that Asia-based pharmaceutical and biotechnology companies are enjoying especially strong growth momentum.

A range of factors are supporting the sector in Asia, including the rising importance of the region as an end-customer market. Improvements in manufacturing and human capital capabilities are also enhancing the region's attractiveness as a manufacturing hub. Increasing global healthcare spending continued to translate into stronger demand.

Meanwhile, Asia's banking sector was the next-best performer, although expansion in business activity slowed from August's 15-month high.

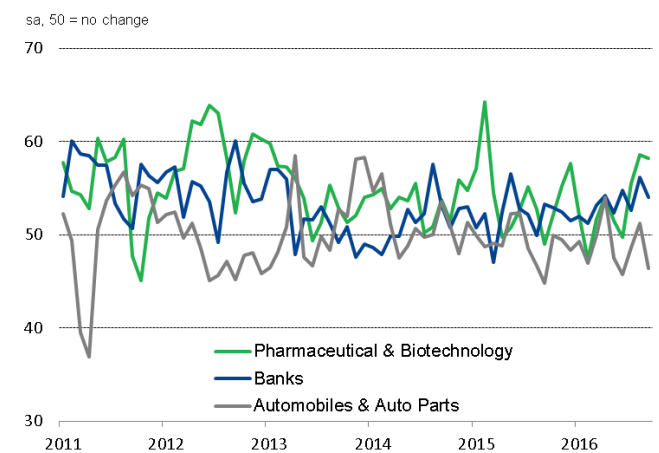
Besides sluggish global growth and widespread political uncertainty, Asian banks continue to grapple with rising competition from financial technology (FinTech) firms and increasing volumes of non-performing loans. Banks also faced mounting cost burdens at the end of the third quarter, which contributed to further job shedding in the sector.

Pharmaceuticals & Biotechnology leads



Sources: IHS Markit, Nikkei

Asia: Selected sector performance



Sources: IHS Markit, Nikkei.

Weak orders subdue automakers' output

At the bottom end of the scale, automobiles & auto parts production contracted sharply in September, after a moderate expansion in the prior month. Weaker new orders were a factor leading carmakers to trim production.

Software & services also fell into a decline in September, recording its steepest drop in business activity since May 2015.

Overall, the ongoing lack of a broad-based expansion in Asian sectors may see Asian governments seeking to further stimulate their economies through policy measures.

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