

# Perpetual knowledge bank series: purchasing managers index

11 July 2021



Purchasing managers' indexes (PMI) are economic indicators derived from monthly surveys of private sector companies, which provide analysts and investors with data on purchasing trends in the manufacturing and service sectors. These indexes can offer insight into the current and future direction of markets based on whether purchasing managers are bullish or bearish on

business condition metrics such as new orders, inventory levels, production, supplier deliveries and employment.

In the US, the PMI is based on a monthly survey of supply chain managers across 19 industries, covering both upstream and downstream activity. The PMI is compiled and released monthly based on a survey sent to senior executives at more than 400 companies, which are weighted by their contribution to US GDP. The surveys include questions about business conditions and any changes, whether it be improving, no changes, or deteriorating. US and global investors watch the PMI and similar surveys closely as purchasing managers often have early access to data about their company's performance, which can be a leading indicator of overall economic performance.

In Australia, there are two indices fulfilling much the same function. The Australian Performance of Manufacturing Index (Australian PMI) is a seasonally adjusted national composite index based on production, new orders, deliveries, inventories and employment. It is compiled with data from a monthly survey of a representative sample of manufacturing businesses. Survey results are based on a rotating sample of manufacturing companies each month. The Australian Services Purchasing Managers Index (PMI) measures the activity level of purchasing managers in the services sector. The report is based on surveys of over 300 business executives in private sector services companies. Each response is weighted according to the size of the company and its contribution to total manufacturing or services output.

This analysis has been prepared by [Perpetual Investment Management Limited \(PIML\)](#) ABN 18 000 866 535, AFSL 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The information is believed to be accurate at the time of compilation and is provided in good faith. This document may contain information contributed by third parties. PIML and PSL do not warrant the accuracy or completeness of any information contributed by a third party. Any views expressed in this document are opinions of the author at the time of writing and do not constitute a recommendation to act.

The product disclosure statement(PDS) for the Perpetual Diversified Income Fund issued by PIML, should be considered before deciding whether to acquire or hold units in the fund. The PDS and Target Market Determination can be obtained by calling 1800 022 033 or visiting our website <http://www.perpetual.com.au>.

No company in the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund or the return of an investor's capital. Past performance is not indicative of future performance.