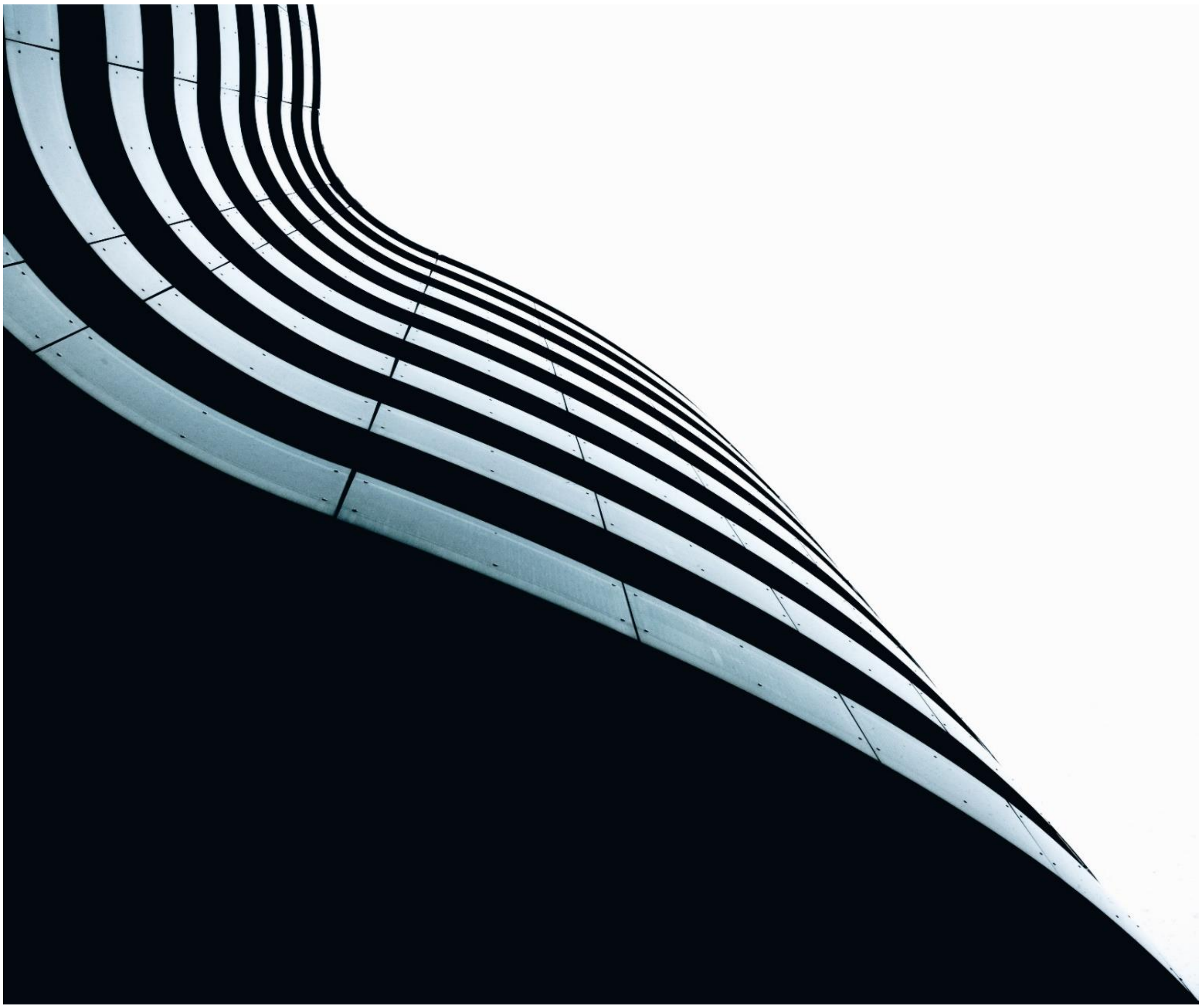
PMI™ Comment Tracker

Unique and timely data revealing the impact of key macroeconomic trends on global businesses



PMI™

by S&P Global

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PMI™ Overview

Purchasing Managers' Index™ (PMI™) surveys have become key benchmark indicators of economic conditions in the world's largest economies and emerging markets. S&P Global conducts monthly surveys of private sector business conditions in over 40 economies worldwide, polling over 27,000 companies. The survey results generate PMI data that track changes in variables such as output, new orders, inventories, employment and prices.

PMI surveys are based on fact, not opinion, and are the first indicators of economic conditions published each month. The data are collected using identical methods in all countries, so that international comparisons can be made between, for example, manufacturing in Brazil and Russia by using the monthly data.

The indexes achieve considerable press coverage on a regular basis and are widely used by economists and analysts in financial institutions, industry and commerce. Notably, central banks in the European Union, United States and Asia use PMI data to help guide monetary policy.

PMI surveys have established highly-regarded track records for accurately anticipating changes in economic conditions in key economies, including the US, the United Kingdom, Germany, France, Italy, Japan, Hong Kong SAR and the eurozone.

Key benefits

PMI surveys have been developed in order to provide analysts with an accurate and timely dataset which helps them to better understand economic conditions. In many cases, the advantages offered by PMI data overcome deficiencies in official economic data. These advantages include:

Frequent publication

PMI surveys are published monthly. National accounts data, from which the most comprehensive and important measure of economic activity – gross domestic product – is derived, are generally published only quarterly.

Timely publication

PMI surveys are published on a timely basis just after the reference period. In contrast, a significant period of time often elapses before official data are published. For GDP, the delay may be several months. PMI data provide figures several weeks in advance of comparable official monthly output data, and several months ahead of quarterly national accounts data.

Not subject to revision after first publication

Unadjusted PMI data are not revised after first publication. In comparison, official data are frequently subject to revision, and phrases such as 'the economy grew faster than first thought' remain commonplace in press articles and analysts' briefing notes.

International comparability

PMI surveys are conducted internationally using a consistent methodology. By comparison, a further problem associated with official data is that not all statistical bodies compile data using identical methodologies. For example, a great deal of effort in terms of harmonization of methodologies was required among the national European statistics offices in order to obtain a consistent measure of eurozone GDP.

PMI™ Comment Tracker

S&P Global PMI™ Comment Trackers are derived from S&P Global's monthly Purchasing Managers' Index™ (PMI) business surveys.

Alongside the standard response data, S&P Global's PMI surveys invite contributing companies to provide additional qualitative information on the reasons as to why these variables have changed from the previous month. A panel comments tool tracks the frequency of words or phrases mentioned in these qualitative replies.

Groups of words or phrases are combined to track the impact of specific economic themes such as demand pressures, supply constraints, labour shortages, logistics costs, commodity prices and recession risk.

Comment Trackers are generally calculated for a particular survey question and response, such as respondents reporting a fall in output or a lengthening of suppliers' delivery times. The index is calculated using the frequency of a group of words or phrases, the total number of comments and the total number of responses to that survey question and response.

Some Comment Trackers are aggregate measures calculated from the total frequency of a group of words or phrases across all survey questions. These aggregate trackers are prefixed "Total". For example, the tracker *Total_Recession* is an aggregate measure of the number of companies citing recession across all survey questions.

Index Calculation

Indices are presented as a multiple of the long-run average from 2005 to 2019. The index is based such that a value of 1.0 means that the calculated proportion of respondents mentioning at least one of the specified words or phrases, thus signalling the impact of a particular theme on a variable, is in line with the long run average.

Any figure above 1.0 indicates that the impact of the economic theme is above the long-run trend, and the higher the figure the greater the impact relative to the average. For example, an index value of 3.0 would signal that the impact in the reference month is three times the normal amount.

Any figure below 1.0 therefore indicates that the impact of the economic theme is below the long-run trend, and the lower the figure the lesser the impact relative to the average. For example, an index value of 0.2 would signal that the impact in the reference month is one-fifth of the normal amount.

Data are subject to revision after first publication.

Manufacturing and services data are weighted by region. Composite data are weighted by sector.

Data are seasonally adjusted except for indicators relating to the future output survey question, which is not seasonally adjusted in line with the index in the core PMI dataset.

Variables covered

The PMI Comment Tracker includes 136 unique trackers in total. Trackers are split into 5 core themes denoting the area of the business cycle for which they most directly correspond. The matrix of themes and number of underlying indicators within is as follows:

PMI Comment Tracker Theme	Number of unique trackers
Capacity Expansion	26
Demand Shortfall	23
Inflation	36
Supply Shortages	34
Inventories*	17
*Manufacturing Only	

A full data dictionary for PMI Comment Trackers is available upon request.

Coverage

Historical data for the S&P Global PMI™ Comment Tracker extend to January 2005.

Comment Trackers in the Global Manufacturing dataset are calculated from responses to the following manufacturing PMI surveys: UK, Germany, France, Italy, Spain, Ireland, Netherlands, Austria, Greece, Poland, Czech Republic, Russia, USA, Japan, China, India, Taiwan, South Korea, Turkey, Indonesia, Vietnam, Malaysia, Philippines, Thailand, Myanmar, Kazakhstan, Canada, Mexico, Australia, Brazil and Colombia.

Comment Trackers in the Global Services dataset are calculated from responses to the following services PMI surveys: UK, Germany, France, Italy, Spain, Ireland, Russia, USA, Japan, China, India, Kazakhstan, Australia and Brazil.

Figures are published at the global level.

Data Publication

Release dates

PMI Comment Tracker data for the respective broad sectors (manufacturing, services, composite) are released alongside the corresponding Global PMI data.

Data revisions

PMI Comment Tracker data are revised from time to time if constituent national data are unavailable for inclusion in the figures due to later than usual release dates. Revised values reflect the inclusion of economy level data that was unavailable at release time into the aggregate global tracker.

Insights from comment trackers

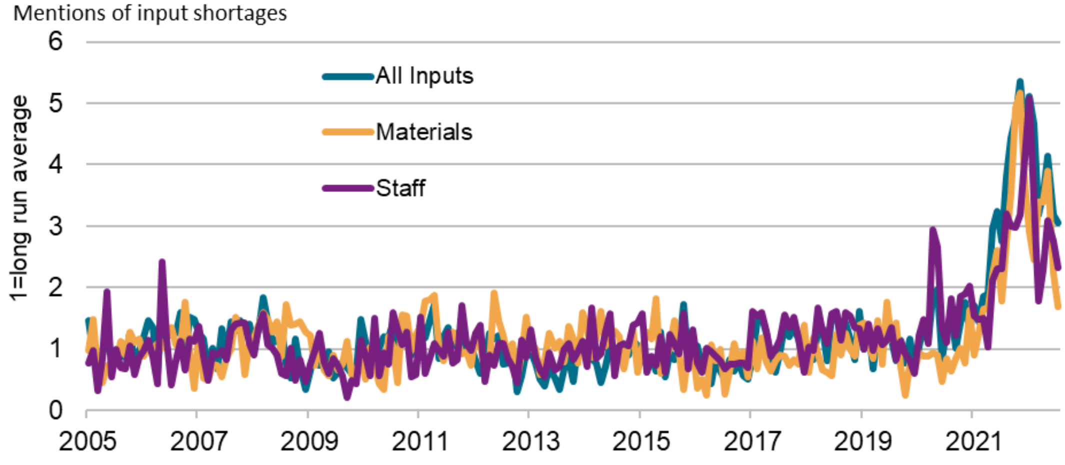
PMI Comment Trackers allow users to uncover insights into drivers of key trends in the PMI dataset. The examples below use PMI Comment Trackers to provide insights on drivers of shortages, input costs and purchasing activity, as well as analysing recession risks as reported by global companies.

Input Shortages

These trackers examine the impact of input shortages on business output and capacity, including individual trackers for materials and staff. The chart highlights that shortages were a key constraint on output and capacity in 2021-22, as firms struggled with supply issues impacting all inputs. The impact of shortages of materials and staff have subsequently eased, although mentions of staff shortages remain more elevated than that for materials, in line with the easing of delivery delays reflected in the core PMI index.

Global Composite PMI Comment Tracker: Input Shortages

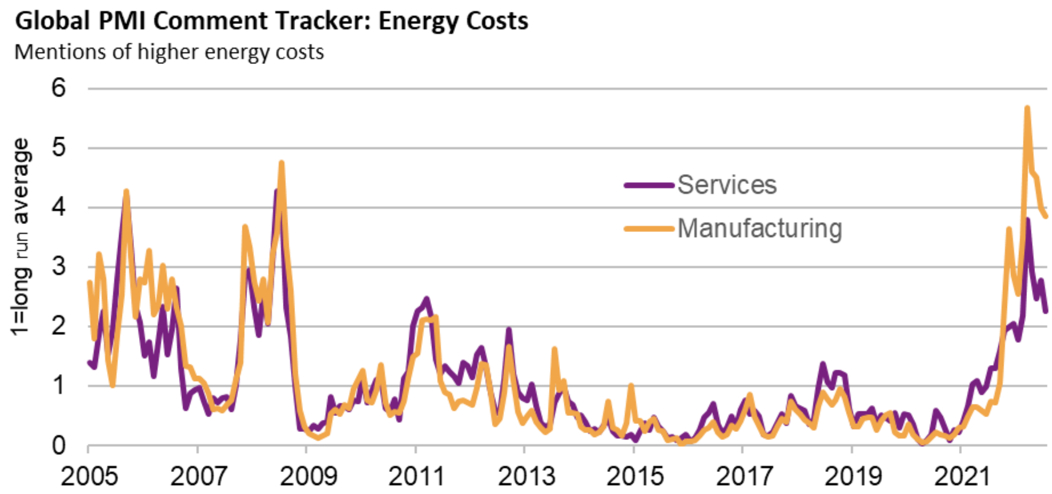
Mentions of input shortages



Source: S&P Global

Energy costs

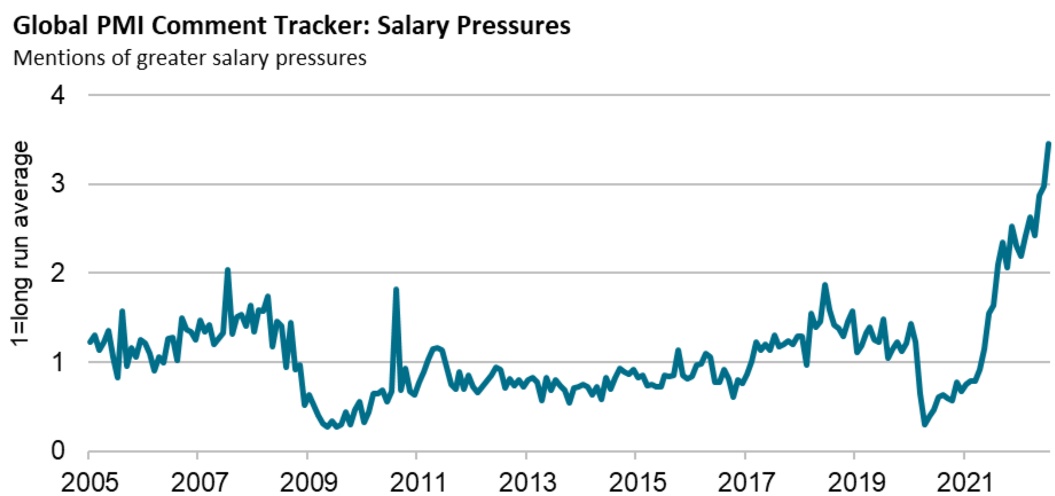
Higher energy prices were a key factor in surging business input costs, as highlighted by the PMI Comments Tracker data. Although elevated across both services and manufacturing, the number of mentions citing energy costs as a reason for higher costs remains higher in the latter.



Source: S&P Global

Salary pressures

Similarly, rising salary demands have also had a substantial impact on business input costs, with mentions relative to the long-run average likely yet to peak.



Source: S&P Global

Safety Stocks

Supply issues were also reflected in safety stock building at global manufacturers, as firms sought to firm up their inventories and stave off delays. The below tracker examines mentions of safety stock building as a reason underlying greater purchasing activity, peaking at over 6 times average at the height of supply issues.

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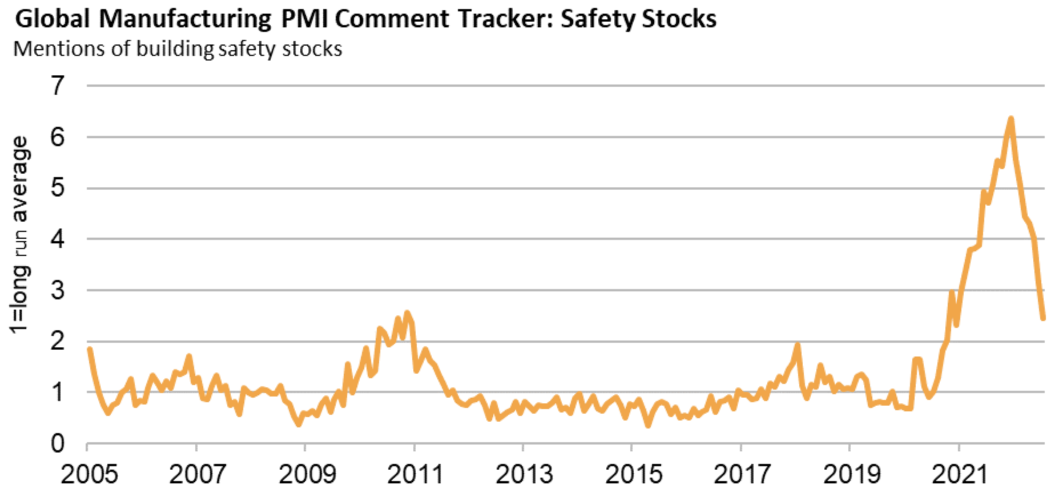
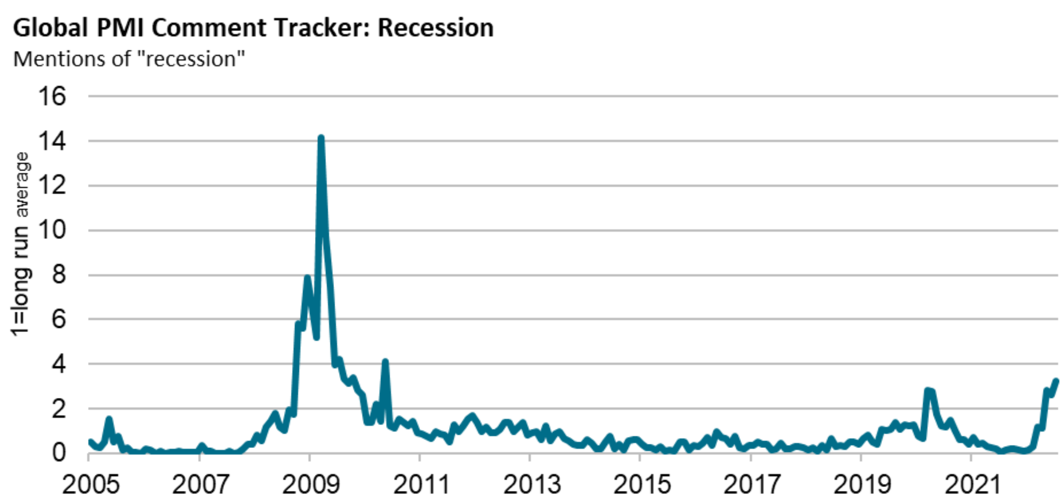


Source: S&P Global

Recession

In addition to providing insights into drivers of trends reflected in the PMI, trackers are also available to provide broader insights into uncertainty and recession risks by tracking mentions across the Global PMI surveys. The chart below highlights how concerns of recession rose into the global financial crisis, peaking at 14 times the average and have remained relatively subdued until July and August 2022, indicating that companies are becoming increasingly concerned over recession risks.



Source: S&P Global