

Monthly PMI Bulletin

Global economic conditions and business confidence improve as China reopens at the start of 2023

Monthly summary

The global downturn persisted for the sixth straight month at the start of the new year though the rate of decline eased to only a marginal pace to indicate that the downturn had further eased. Weakness in demand and output underpinned the latest contraction though improvements in regions including mainland China led to better global PMI readings.

The [J.P.Morgan Global Composite Output Index](#) – produced by S&P Global posted 49.8 in January, up from 48.2 in December 2022. This marked the sixth consecutive month of global contraction, but at the slowest rate in the current sequence and is broadly consistent with stable global GDP.

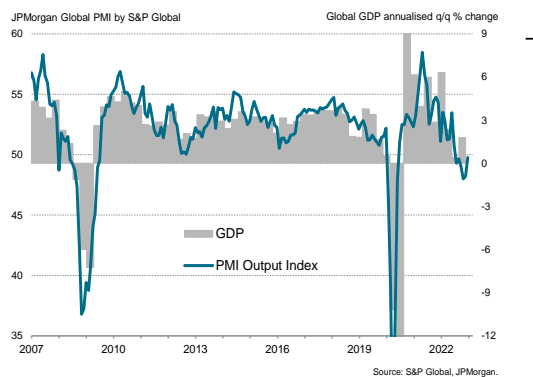
Leading the improvement was the global services sector, where activity edged back into growth for the first time since last July, albeit only marginally. Mainland China, which saw pandemic restrictions ease, returned to expansion alongside Japan and the Eurozone.

While a contraction in the manufacturing sector was meanwhile sustained for the sixth successive month, the rate of decline the least pronounced since last August. A shallower decline in new orders for global manufactured goods supported the latest change, as did an easing of supply constraints in the goods producing sector.

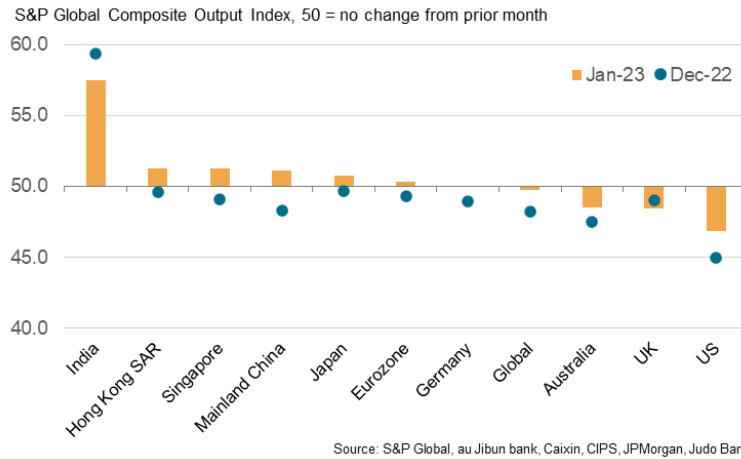
The latest developments also enthused businesses with confidence at its highest in eight months and improving across both the manufacturing and service sectors. That said, a sense of caution prevails in the global economy as witnessed through firms often being reluctant to hire and acquire inputs, preferring to focus on destocking. It will be important to see improvements in purchasing and inventory policies in particular to lend weight to the increasingly optimistic view on future output.

In short, our key takeaways from the January PMI are:

- 1) Global recession risks have ease, thanks especially to services activity, with the easing of restrictions in mainland China playing a key role to support the change. Reviving growth and shallower downturns in various developed economies likewise played a part.
- 2) Business confidence rose markedly at the start of the year, including within the still-contracting manufacturing sector in January, thanks in part to lower price pressures, improved supply, and precludes the potential for further near-term uptick in activity.
- 3) The better outlook has yet to translate to substantially better hiring nor higher input acquisition activity, which we will be watching in the months to come with the PMI data.

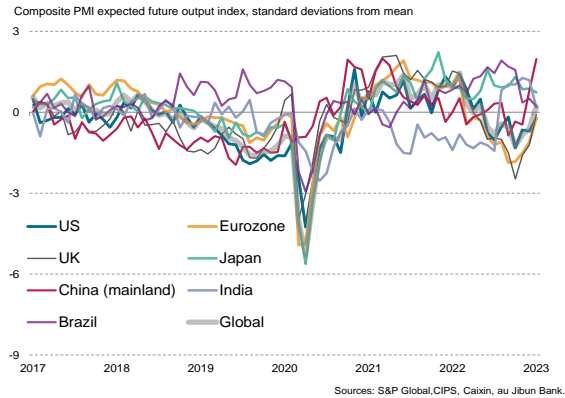
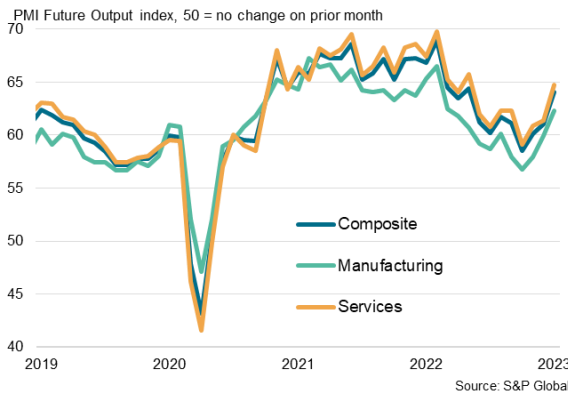


Regional comparisons



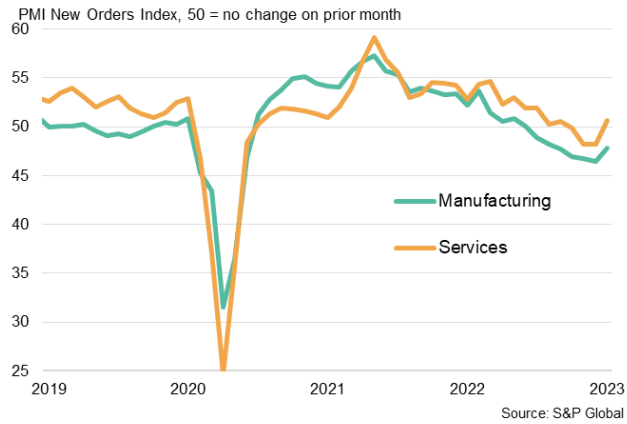
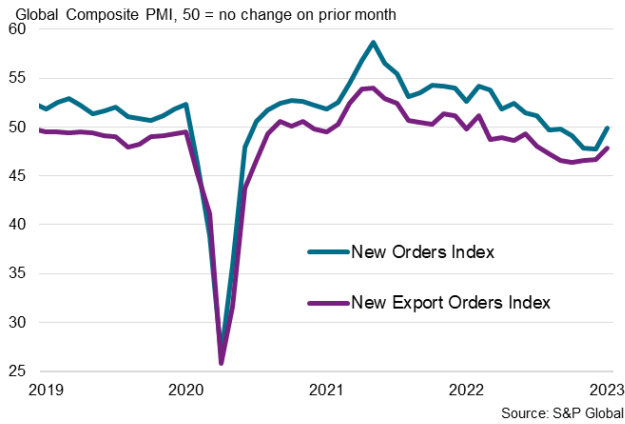
The Good, the Bad, and the Ugly | Key PMI developments

The Good: Optimism sharply improves



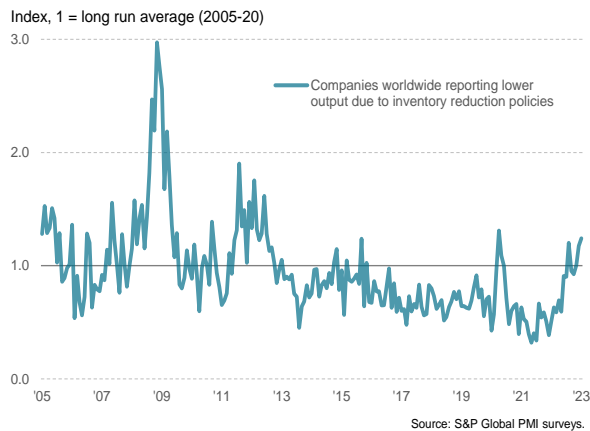
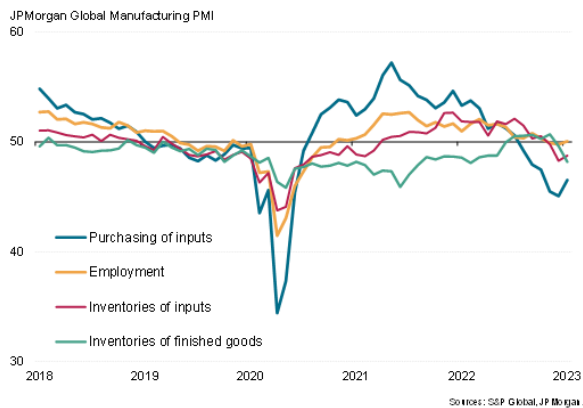
- The most notable positive development from the January PMI data was the sharp improvement in business sentiment at the start of 2023. The PMI survey’s gauge of companies’ expectations of their own output in the coming year rose to the highest in eight months, supported chiefly by the uplift in services confidence.
- Expectations of inflation having peaked helped boost sentiment, including across major developed economies. Concurrently, the easing of COVID-19 restrictions in mainland China supported hopes of rising demand and improving supply conditions. Mainland China’s PMI future output index itself was at the highest in a decade.
- As the survey’s only sentiment indicator, the PMI future output index outlined positive expectations by businesses and suggests that we may be seeing improved near-term conditions, all of which bodes well for the global economy.

The Bad: Demand growth yet to be seen



- Despite the downturn alleviating, global new orders for both goods and services have yet to edge into expansion with the PMI New Orders Index printing 49.9 in January. To a large extent, this had been underpinned by weakness in global conditions with the seasonally adjusted PMI New Export Orders Index reflecting that global trade had continued to contract at an above-average rate at the start of 2023.
- The weakness in demand had also been more apparent amongst goods producers. Global services new business edged back into expansion for the first time since last September, albeit only marginally in terms of the rate of growth.
- It will be important to see demand rise to prelude any meaningful improvement in output in the months to follow. This is while backlogs have continued to fall in recent months, as firms worked through outstanding work; a stark contrast with the situation of rising backlogs in 2021.

The Ugly: Caution in hiring and buying



- While confidence improved across global manufacturers and service providers, global manufacturing PMI data indicated that goods producers remained cautious in relation to both hiring and the purchasing of inputs. Likewise across the service sector, hiring activity grew only slightly and was at a rate well below the series average. [\[Link\]](#)
- This reflected that firms remained largely reserved in acquiring resources even as their confidence soared at the start of 2023, thus showing a mismatch here. While it may take improvements in demand to enliven private sector purchasing and hiring activities, we will want to see improvements in these areas to back the optimistic view on future output. Instead, at the moment, deliberate destock policies are instead clearly acting as a drag on growth.

Global PMI heatmap

Manufacturing

		Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23
Global	Global												
Americas	Canada												
	US												
	Brazil												
	Colombia												
	Mexico												
Europe	Eurozone												
	Austria												
	Czech Republic												
	France												
	Germany												
	Greece												
	Ireland												
	Italy												
	Netherlands												
	Poland												
	Spain												
UK													
Asia Pacific	Australia												
	China (Mainland)												
	India												
	Indonesia												
	Japan												
	Kazakhstan												
	Malaysia												
	Myanmar												
	Philippines												
	Russia												
	South Korea												
	Taiwan												
	Thailand												
Vietnam													
Middle East	Turkey												

Source: S&P Global in association with relevant sponsors.

Services

		Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23
Global	Global												
Americas	US												
	Brazil												
	Eurozone												
Europe	France												
	Germany												
	Ireland												
	Italy												
	Spain												
	UK												
	Australia												
Asia Pacific	China (Mainland)												
	India												
	Japan												
	Kazakhstan												
	Russia												

Source: S&P Global in association with relevant sponsors

Manufacturing indices

- Output*
- New orders*
- New export orders
- Backlogs of work
- Employment*
- Input prices
- Output prices
- Future expectations
- Quantity of purchases
- Suppliers' delivery times*
- Stocks of purchases*
- Stocks of finished goods

*PMI components

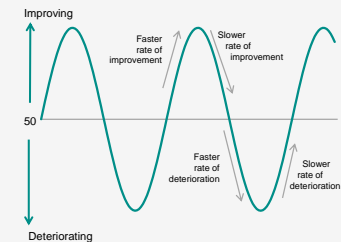
Services indices

- Business activity
- New business
- New export orders
- Outstanding business
- Employment
- Input costs
- Prices charged
- Future expectations

Read more about the headline PMI™ and its subindices [here](#).

Key:

Improving at a faster rate	
Improving at a slower rate	
At neutral 50.0 mark	
Deteriorating at a slower rate	
Deteriorating at a faster rate	



To receive underlying PMI data, please contact: economics@ihsmarkit.com

Composite / Whole Economy

		Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23
Global	Global												
Americas	Brazil												
	US												
Europe	Eurozone												
	France												
	Germany												
	Ireland												
	Italy												
	Spain												
	UK												
Asia Pacific	Australia												
	China (Mainland)												
	Hong Kong SAR												
	India												
	Japan												
	Khazakstan												
	Russia												
Middle East	Singapore												
	Lebanon												
	Qatar												
	Saudi Arabia												
Africa	UAE												
	Ghana												
	Kenya												
	Mozambique												
	Nigeria												
	South Africa												
	Uganda												
Zambia													

Source: S&P Global in association with relevant sponsors

Metals and Electronics

		Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23
Global	Aluminium												
	Copper												
	Steel												
	Electronics												

Source: S&P Global

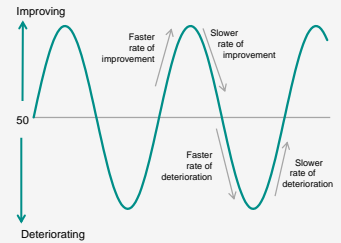
Composite indices comprise:

- Output/business activity
- New business
- New export orders
- Outstanding business
- Employment
- Input costs
- Output prices
- Future expectations

Read more about the headline PMI™ and its subindices [here](#).

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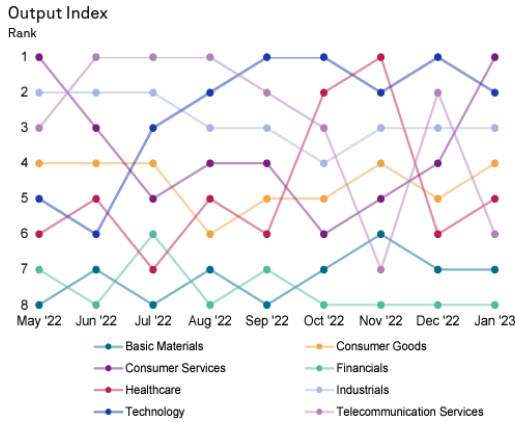
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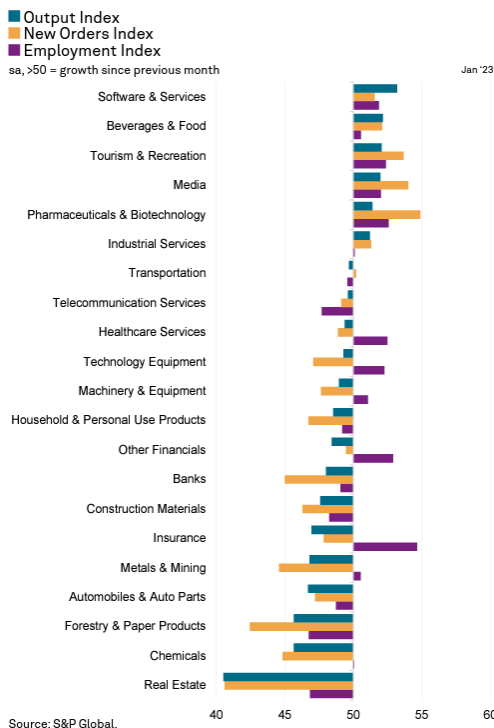
Global Sector PMI

Latest S&P Global Sector PMI™ data signalled a relatively mixed picture for the global economy with signs of recovery in *Consumer Services*, which rose to lead the **eight industry groups** tracked. On the other hand, *Basic Materials* and *Financials* remained under pressure thanks to destocking and higher interest rates respectively. Widespread optimism was however noted across the board.



Source: S&P Global.

Meanwhile **amongst the sectors**, *Real Estate* continued to struggle the most, following by *Chemicals* and *Forestry & Paper Products*. Software & Services led the 21 categories with the highest growth, followed by *Beverages & Food*.



Source: S&P Global.

For more global sector PMI details, please visit [here](#) or contact economics@ihsmarkit.com to receive underlying PMI data.

Sector data is also available for US, Europe and Asia. Read more about using PMI data in active investment strategies [here](#).

Recent PMI and economic analysis from S&P Global Market Intelligence

Global	Price pressures alleviated by falling demand, fewer supply delays and inventory reduction policies	1-Feb	Chris Williamson
	Global factory downturn shows signs of easing as China re-opens	1-Feb	Chris Williamson
	Monthly PMI Bulletin: January 2023	8-Jan	Jingyi Pan
	Global business activity contracts for fifth successive month as demand downturn accelerates	6-Jan	Chris Williamson
	Global downturn led by slump in financial services as borrowing costs ratchet higher	6-Jan	Chris Williamson
EMEA	Eurozone recession risks fade as PMI returns to growth territory in January	24-Jan	Chris Williamson
	Flash UK PMI data signal steeper economic decline at start of year, but prospects brighten	24-Jan	Chris Williamson
	Labour market cools as recruitment downturn intensifies	11-Jan	Chris Williamson
US	US PMI survey data hint at first quarter GDP contraction	3-Feb	Chris Williamson
APAC	Mainland China's resurgent service sector growth and near-record confidence fuel economy hopes for 2023	3-Feb	Chris Williamson
	Hong Kong businesses start 2023 in most optimistic mood for over a decade	3-Feb	Chris Williamson
	South Korea's economy faces rising headwinds in 2023	3-Feb	Rajiv Biswas
	Taiwan leads global trade downturn at start of 2023, but rate of export decline eases	1-Feb	Chris Williamson
	Philippines economy shows strong expansion	20-Jan	Rajiv Biswas
	Singapore economic expansion moderates as global economy slows	17-Jan	Rajiv Biswas

For PMI use-case illustrations, visit our [use-case library](#).

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UTC	Local	UTC	EST	Product
14 Feb 15:00	14 Feb 10:00	UTC-5	EST	US Investment Manager Index
20 Feb 22:00	21 Feb 09:00	UTC+11	AEDT	Flash Australia PMI*
21 Feb 00:30	21 Feb 09:30	UTC+9	JST	Flash Japan PMI*
21 Feb 08:15	21 Feb 09:15	UTC+1	CET	Flash France PMI*
21 Feb 08:30	21 Feb 09:30	UTC+1	CET	Flash Germany PMI*
21 Feb 09:00	21 Feb 10:00	UTC+1	CET	Flash Eurozone PMI*
21 Feb 09:30	21 Feb 09:30	UTC	GMT	Flash UK PMI*
21 Feb 14:45	21 Feb 09:45	UTC-5	EST	Flash US PMI*
24 Feb 09:00	24 Feb 10:00	UTC+1	CET	Austria Manufacturing PMI
28 Feb 22:00	01 Mar 09:00	UTC+11	AEDT	Australia Manufacturing PMI
01 Mar 00:30	01 Mar 07:00	UTC+6.5	MMT	Myanmar Manufacturing PMI
01 Mar 00:30	01 Mar 07:30	UTC+7	WIB	Indonesia Manufacturing PMI
01 Mar 00:30	01 Mar 08:30	UTC+8	PHT	Philippines Manufacturing PMI
01 Mar 00:30	01 Mar 08:30	UTC+8	CST	Taiwan Manufacturing PMI
01 Mar 00:30	01 Mar 08:30	UTC+8	MYT	Malaysia Manufacturing PMI
01 Mar 00:30	01 Mar 07:30	UTC+7	ICT	Vietnam Manufacturing PMI
01 Mar 00:30	01 Mar 09:30	UTC+9	JST	Japan Manufacturing PMI
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01 Mar 01:01	01 Mar 01:01	UTC	GMT	Ireland Manufacturing PMI
01 Mar 01:45	01 Mar 09:45	UTC+8	CST	China General Manufacturing PMI
01 Mar 05:00	01 Mar 10:30	UTC+5.5	IST	India Manufacturing PMI
01 Mar 06:00	01 Mar 09:00	UTC+3	MSK	Russia Manufacturing PMI
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01 Mar 07:00	01 Mar 10:00	UTC+3	TRT	Turkey Manufacturing PMI
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06 Mar 08:30	06 Mar 09:30	UTC+1	CET	Germany Construction PMI
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07 Mar 09:00	07 Mar 09:00	UTC	GMT	Global Aluminium Users PMI
07 Mar 09:00	07 Mar 09:00	UTC	GMT	Global Copper Users PMI
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07 Mar 09:30	07 Mar 09:30	UTC	GMT	Global Electronics PMI
08 Mar 01:01	08 Mar 01:01	UTC	GMT	UK & English Regions Report on Jobs
08 Mar 01:01	08 Mar 01:01	UTC	GMT	Scotland Report on Jobs
09 Mar 04:15	09 Mar 08:15	UTC+4	GST	Dubai PMI
13 Mar 00:01	13 Mar 00:01	UTC	GMT	UK Regional PMI
13 Mar 00:01	13 Mar 00:01	UTC	GMT	Global Business Outlook
13 Mar 00:01	13 Mar 00:01	UTC	GMT	UK Business Outlook
13 Mar 00:01	13 Mar 00:01	UTC	GMT	Ireland Business Outlook
13 Mar 01:01	13 Mar 01:01	UTC	GMT	Ireland Construction PMI

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