



IHS Markit™

Global PMI

Global growth accelerates in October
but divergences widen as COVID-19 numbers rise

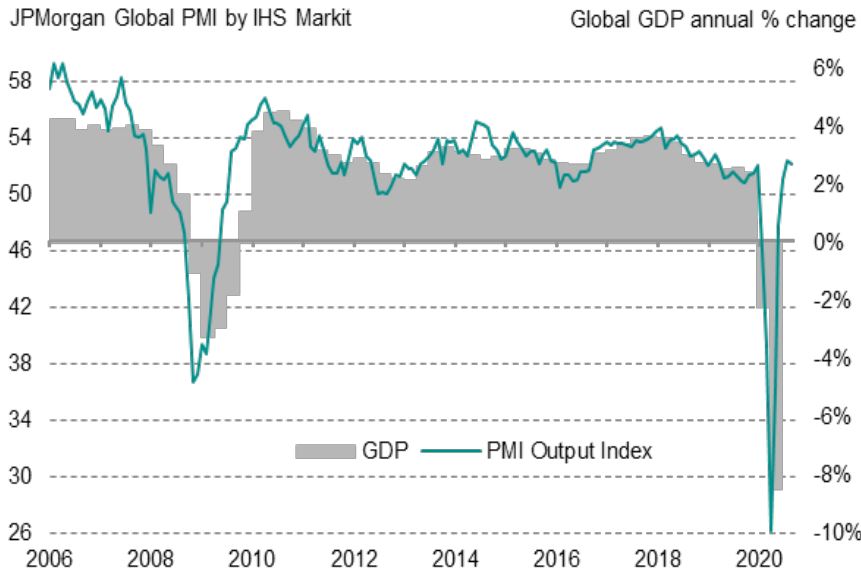
November 13th 2020

Global PMI indicates fastest growth for over two years in October

The worldwide PMI surveys indicated a solid start to Q4 for the global economy, with business activity rising at the fastest rate for 26 months. The headline JPMorgan Global PMI™ (compiled by IHS Markit) to 53.3 in October, its highest since August 2018.

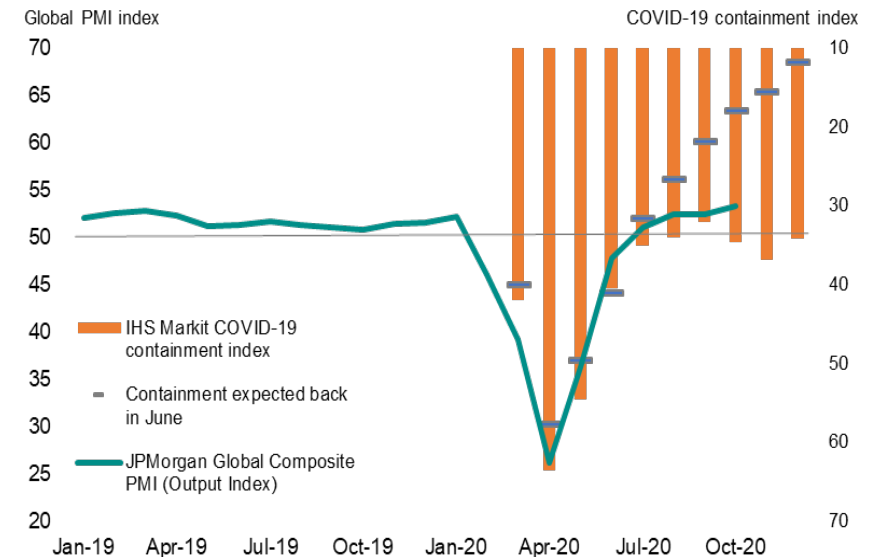
The PMI has improved since Q2 as economies have opened up after lockdowns designed to curb the spread of COVID-19. But reintroduced measures in some countries due to second waves of infections have subdued the pace of recovery. The global average COVID-19 Containment Index eased from a peak of 64 in April to 32 in September, but has since risen again to 35 in October, representing a significant and tightening degree of containment. The degree of containment has also remained far higher than had been expected just a few months ago, reflecting the scale of resurgent infection numbers in many countries. These measures have tightened further in November, suggesting downward pressure on the PMI.

Global PMI* output & economic growth



Source: IHS Markit, JPMorgan.

Global PMI* and Covid-19 containment



Source: IHS Markit

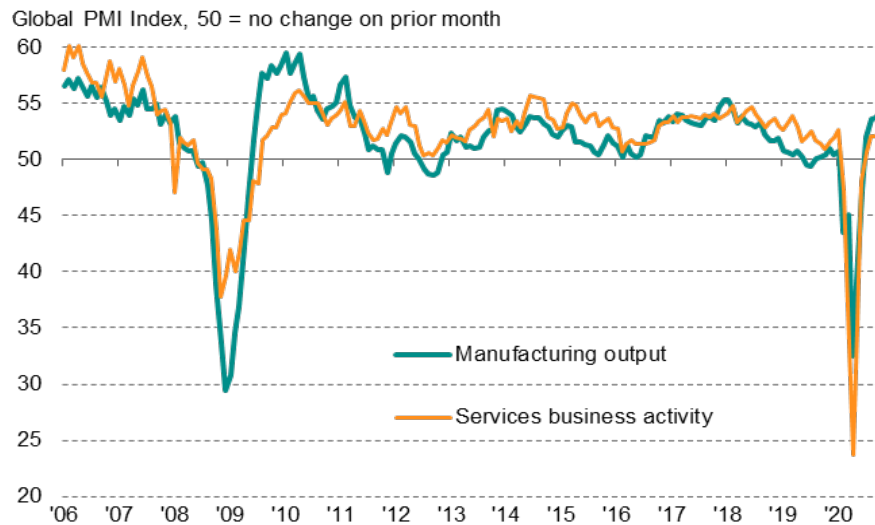
* PMI shown is a GDP-weighted average of the survey manufacturing and services indices.

Autos lead global upturn, travel and recreation remains hardest hit

The recovery remained uneven, with consumers acting as a drag. Although growth accelerated in both manufacturing and services to 32- and 19-month highs respectively in October, the latter continued to lag the factory sector thanks primarily to an ongoing downturn of activity within consumer-facing service providers, most notably tourism & recreation as well as transportation, due to COVID restrictions.

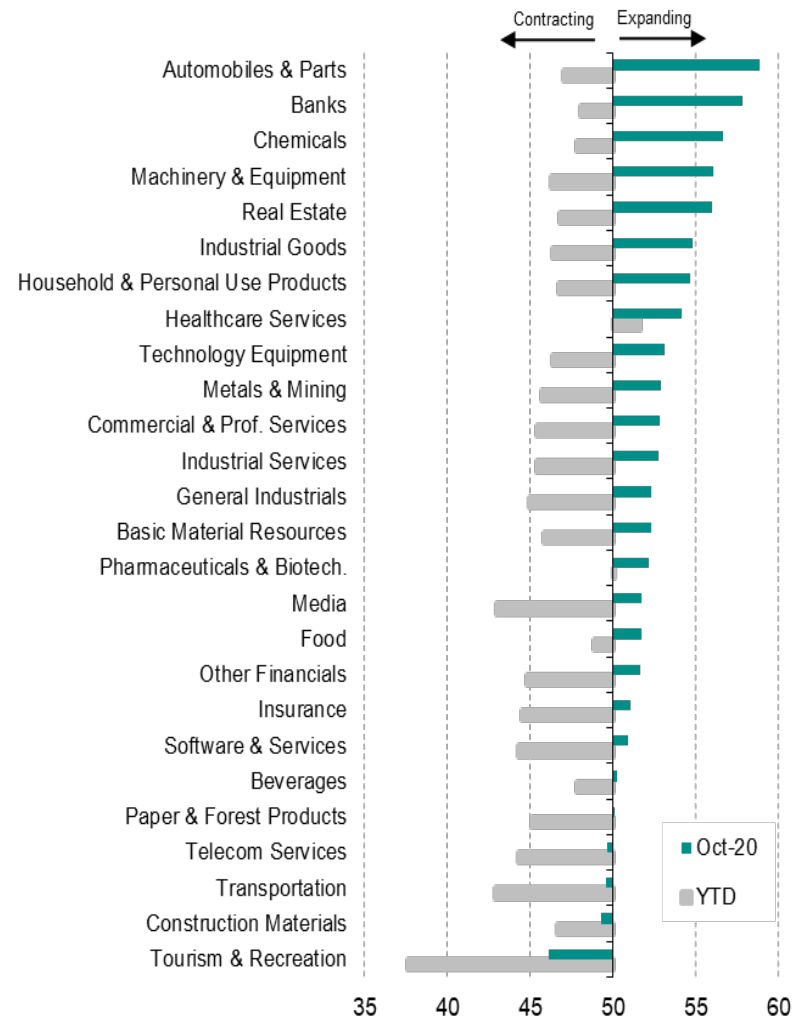
Encouragingly, financial services activity growth accelerated markedly to the highest since February 2012, led by banking services, and business-to-business services growth hit a 19-month high.

The strongest expansion, however, was again reported among auto makers, where output growth is running at the highest since 2010.



Sources: IHS Markit, JPMorgan.

Global Sector PMI Output Index



Source: IHS Markit

Emerging markets growth best since 2011 as India leads global upturn

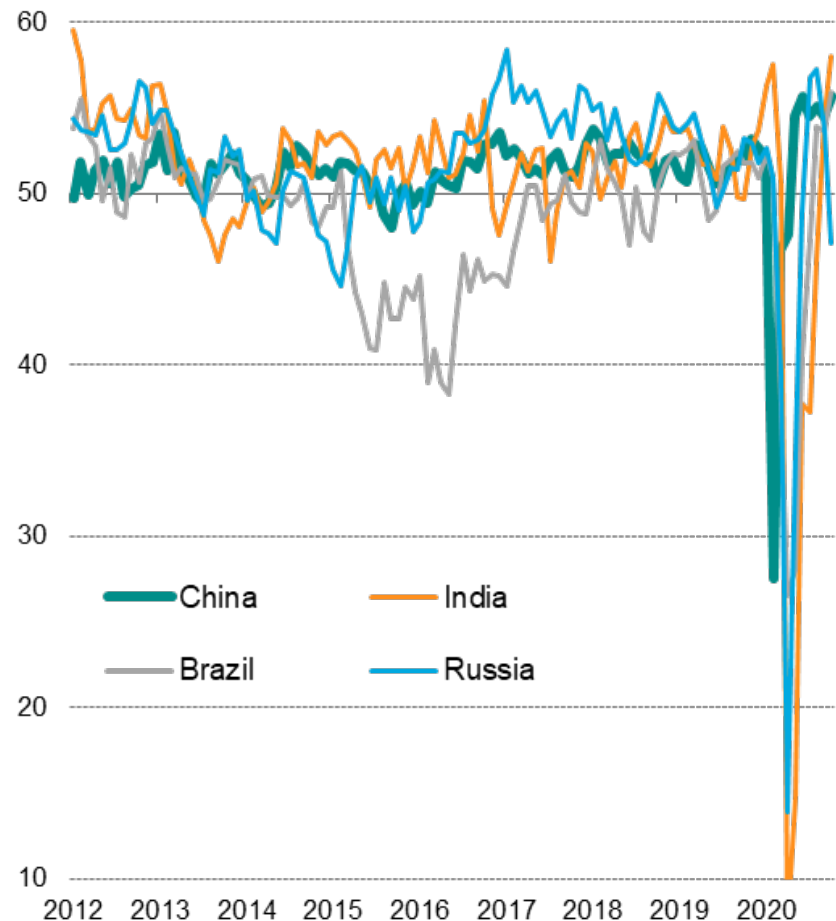
Growth in the emerging markets hit the highest since March 2011, led by **India** – a late arrival to the global recovery – where growth surged to the highest since January 2012. A near-record jump in manufacturing output was accompanied by the first rise in service sector activity since the pandemic hit back in February.

Brazil saw the second-strongest upturn of the four 'BRIC' economies, with output registering the largest gain since February 2010. A near-record increase in manufacturing output was complemented by the largest rise in services activity since January.

China's recovery also regained momentum, with growth picking up to the joint-highest since November 2010 on the back of increasingly robust factory output growth and an improved performance of the service sector, where activity rose at the second-fastest rate for over ten years.

Russia bucked the improving trend, however, with business activity falling back into decline after three months of recovery. Both manufacturing and service sectors reported renewed downturns, linked primarily to demand being hit by rising virus worries.

Composite PMI Output/Business Activity Index



Sources: IHS Markit, Caixin.

US leads developed markets, eurozone stalls, Japan lags

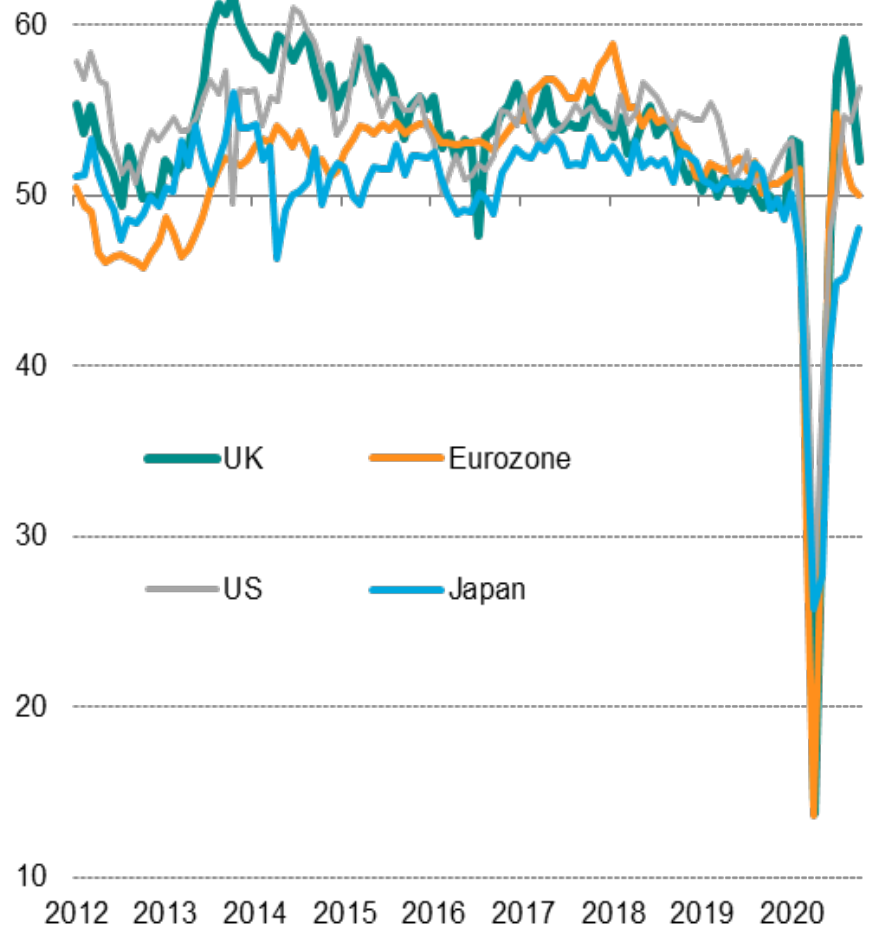
Trends were also mixed among the largest developed markets. **Japan** remained in decline, albeit recording the smallest contraction since the current downturn began back in February, thanks to a moderating loss of manufacturing output. Services sector activity fell at a decreased rate, however, with exports falling especially sharply.

The **eurozone's** recovery meanwhile stalled after three months of growth as rising virus containment measures led to an increased rate of loss of service sector output, offsetting an acceleration of factory output growth. Manufacturing production growth hit the highest since February 2018, in turned buoyed in particular by a booming factory sector in Germany.

Growth also slowed sharply in the **United Kingdom** amid rising virus worries and intensifying lockdown measures, easing to the lowest seen over the past four months. Rates of expansion cooled markedly in both manufacturing and services, the latter showing especially modest growth.

The **United States**, in contrast, enjoyed the strongest expansion since May 2018. The upturn was driven by the largest increase in service sector activity since April 2015 (and the biggest gain recorded across all of the largest economies in October) alongside a more modest acceleration of manufacturing growth to an 11-month high

Composite PMI Output/Business Activity Index



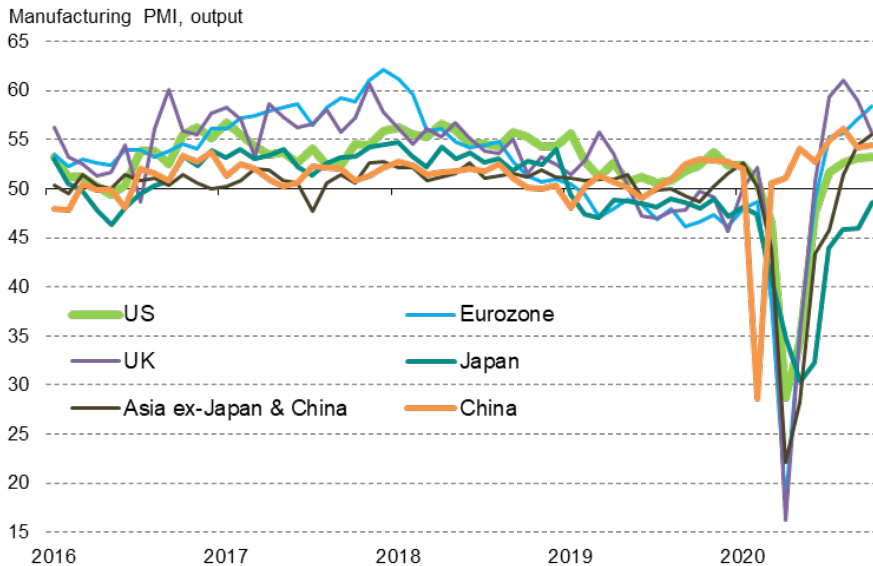
Sources: IHS Markit, au Jibun Bank

Manufacturing upturn led by Brazil, India and Germany

Looking at manufacturing, the production upturn was led by Brazil, India and the euro area, where growth was especially strong in Germany, reflecting a record inflow of new orders.

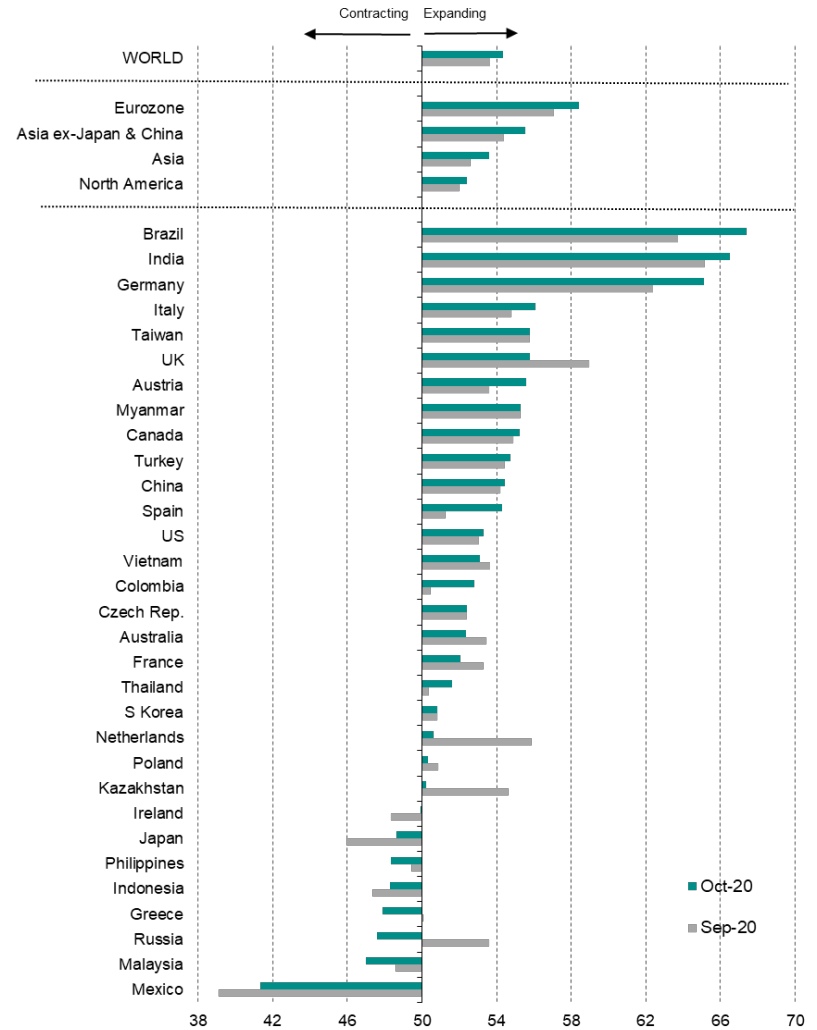
Output growth also accelerated slightly in the US to the fastest for almost a year, and also gained a little further momentum in China, albeit remaining below the highs seen during the third quarter. Japan meanwhile remained in contraction, though saw the rate of decline ease further to the mildest for almost a year.

Of particular note, Asia excluding China and Japan – which as a whole has lagged the global recovery– saw output growth accelerate to the highest since April 2011, led by production in India expanding at a rate exceeded only once since the survey commenced in 2005.



Sources: IHS Markit, au Jibun Bank, Caixin.

Manufacturing PMI output index, 50 = no change on prior month



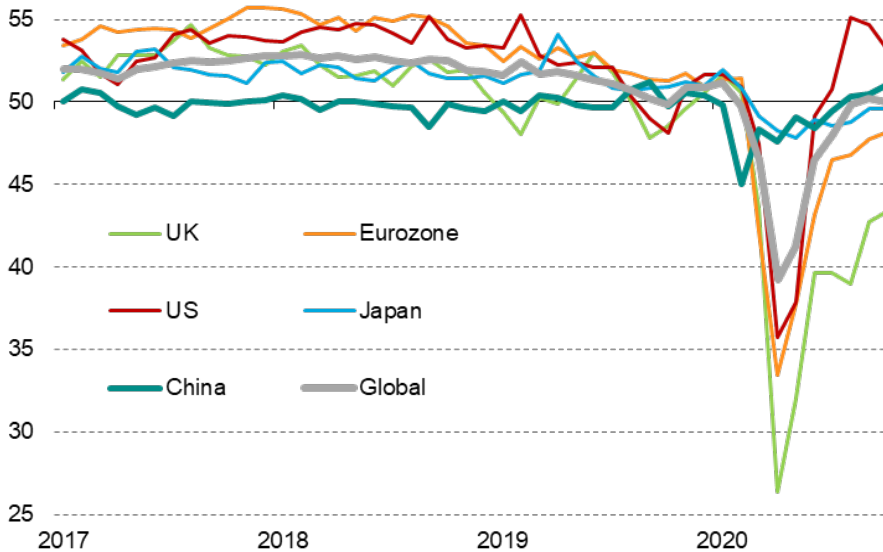
Sources: IHS Markit, JPMorgan, CBA, ISO, CIPS, au Jibun Bank, NEVI, BME, Bank Austria, AIB, AERCE, Caixin, HPI, Davivienda, Istanbul Chamber of Industry, Tengri Partners.

Global employment stalls, with job gains limited to the US and China

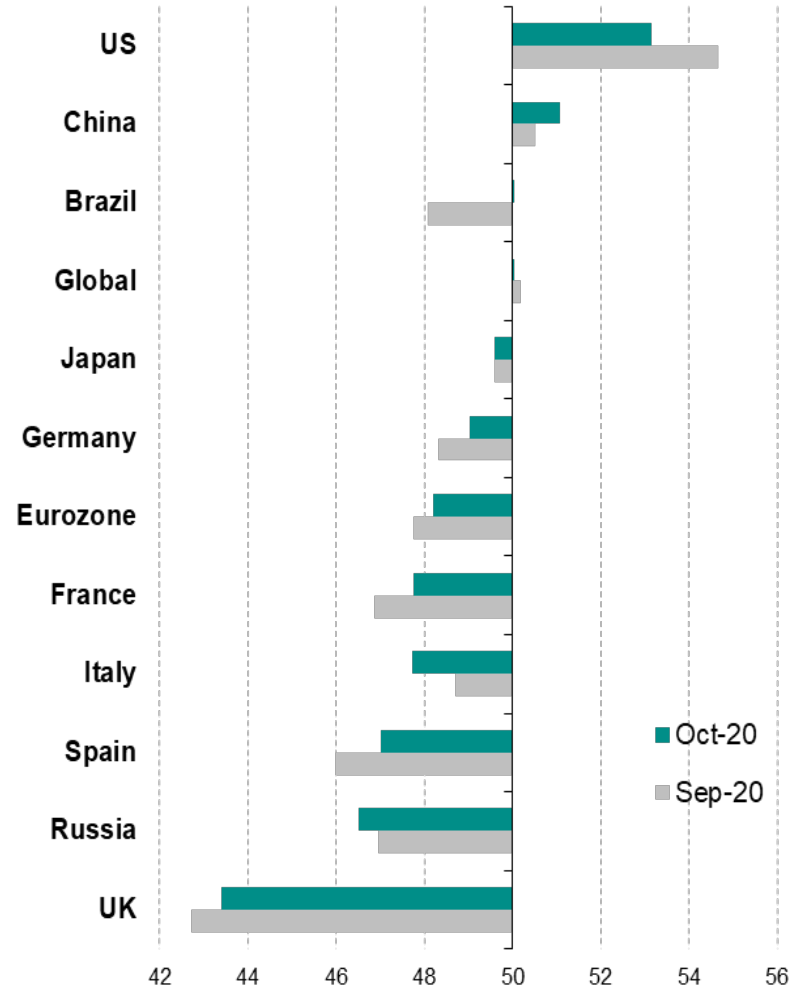
Despite output (and new orders) growth accelerating globally in October, companies held their staffing levels unchanged on average. A marginal rise in service sector headcounts was negated by a further cut in factory jobs. The reluctance to boost headcounts is unusual given the increase in firms' order books in recent months, and hints at a reluctance to add to staff costs in the face of an uncertain near-term outlook, given the resurgence of COVID-19 in many countries

Only in the US and China were jobs added to any meaningful extent in October. The steepest reduction in headcounts was seen in the UK, where Brexit has added an additional layer of uncertainty for many companies, followed by Russia.

Composite PMI Employment Index



Composite PMI, employment index (manufacturing and services)

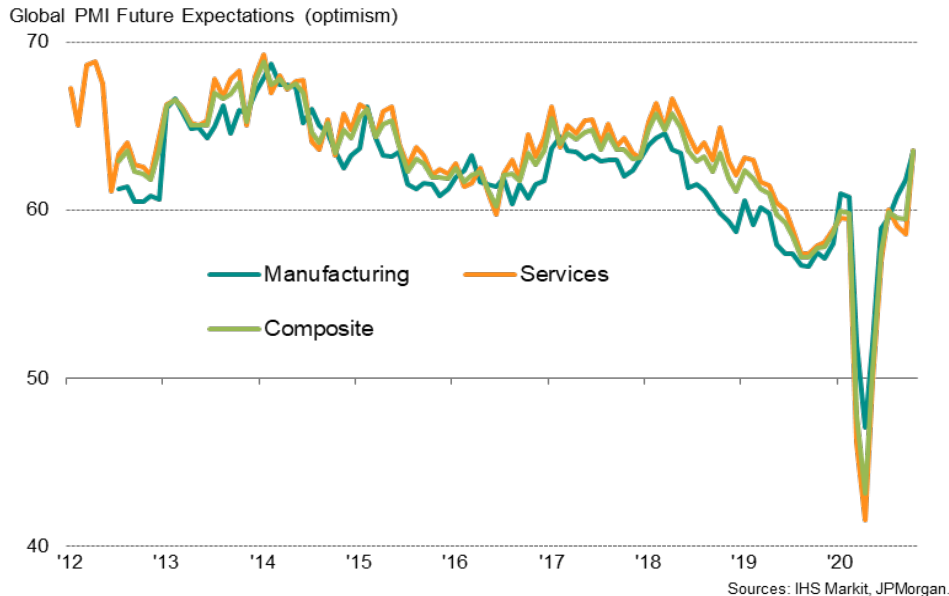


Source: IHS Markit, JPMorgan, Caixin. au Jibun Bank.

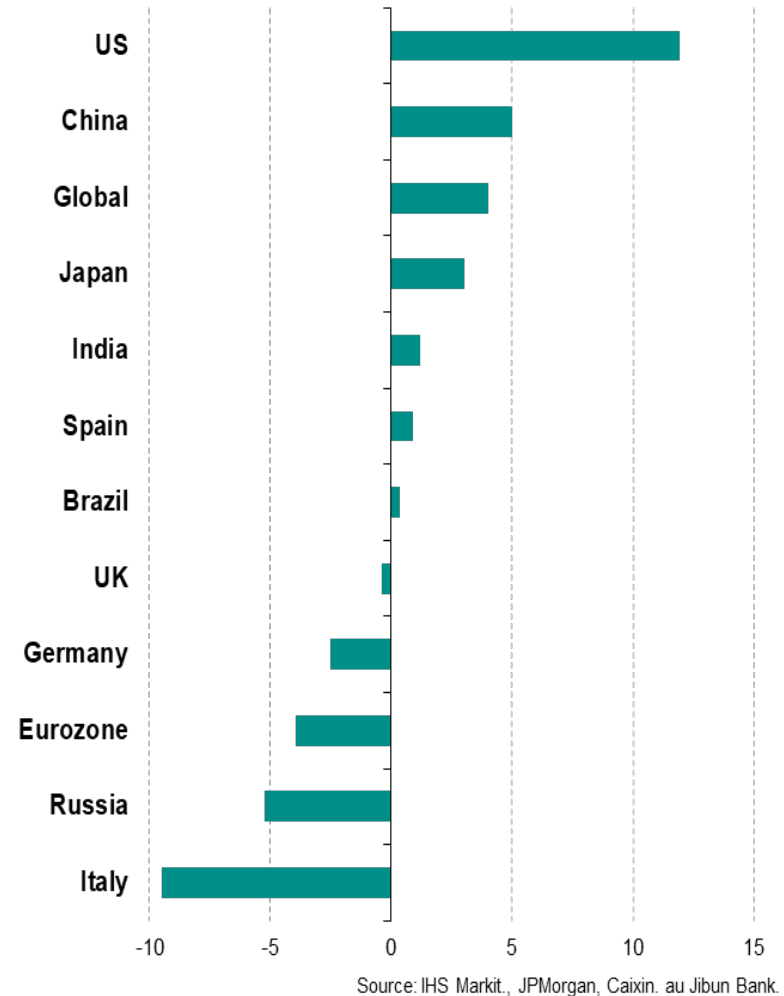
US reports sharpest rise in future expectations

Looking ahead, firms' expectations for their output in 12 months' time rose sharply to the highest since June 2018. Sentiment improved on the back of hopes of a vaccine bringing an end to the disruption caused by COVID-19 in the coming year, as well as expectations of further stimulus from governments to support economies.

The greatest improvement in sentiment was seen in the US, where optimism showed a record surge to a two-year high ahead of the election. Sentiment also improved substantially in China and, to lesser extents, in Japan, India, Spain and Brazil. Business confidence waned, however, in Italy, Russia, Germany and the UK, as well as in the eurozone as a whole.



Composite PMI, future expectations (manufacturing and services), index change since September



China and US see best progress in COVID recoveries so far

A special set of questions asked in the October PMI surveys, replied to by over 6,500 companies, found firms in China have so far made the most progress in recovering output lost to the COVID-19 pandemic, followed by the US. India has made least progress and is in an even deeper hole than back in June.

Brazil, however, is notable in having seen the biggest *improvement* in progress since June.

By sector, the steepest loss of output so far continued to be reported in the hotels & restaurants sector, followed by 'other' services (which principally comprises consumer-facing services). Transportation & storage likewise remains especially hard-hit.

Sectors having made the most progress in recouping lost output are food & drink production and vehicle (notably autos) manufacturing.

Looking at expected future recovery paths, although 51% of firms globally are still waiting to recover lost output, 8% expect to have regained their prior peaks within 3 months, with a further 11% within 6 months. An additional 10% expect to have recovered within the next year.

The most common expectation of a permanent loss of output was seen in the hotels & restaurants and textiles & clothing sectors.

[More results available here](#)

% net balance (those reporting that output has risen as of mid-October since the COVID-19 outbreak minus those reporting a decline, excluding "don't knows")



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www.ihsmarkit.com/research-analysis/pmi.html

Free trial

For a limited period we are also offering a free trial to access the full PMI database. Contact economics@ihsmarkit.com to learn more

Upcoming data releases

20th November: Flash Japan PMI

22-23rd November: Flash PMIs (US, Eurozone, UK, Australia)

1st December: Final worldwide manufacturing PMIs

3rd December: Final worldwide services PMIs

[Link to calendar](#)

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