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Global PMI

US leads global growth to highest since August 2014
as service sectors revive

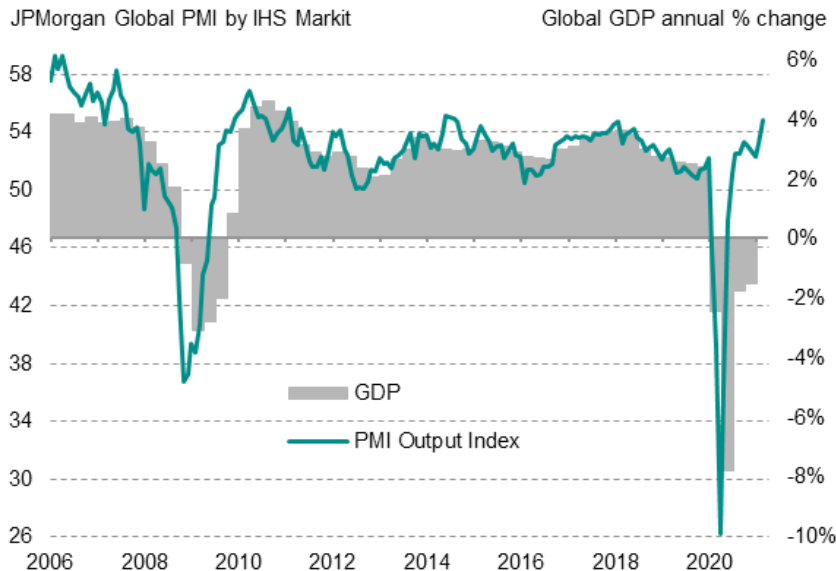
April 13th 2021

Global PMI at highest since August 2014

Global [economic growth accelerated in March](#), buoyed by a rejuvenated service sector accompanying further manufacturing growth. At 54.8, up from 53.2 in February, the JPMorgan Global PMI™ (compiled by IHS Markit), hit its highest since August 2014. The sustained expansion took the recent run of growth into its ninth straight month. Manufacturing continued to expand at an impressive pace, with growth accelerating to one of the fastest seen since 2011 [despite near record supply delays and shortages of inputs](#). However, it was the service sector which saw the biggest improvement in March, with growth jumping to the highest since June 2018.

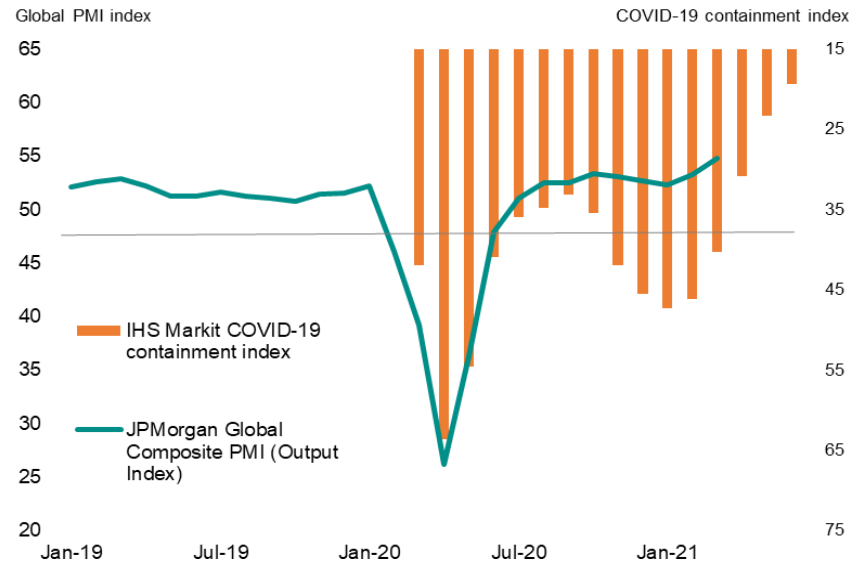
Faster service sector growth coincided with a further easing of measures to control further outbreaks of the coronavirus disease 2019 (COVID-19) virus. IHS Markit's Global COVID-19 Containment Index fell from 46 in February to 40 in March, its lowest since last October, as restrictions were eased on average around the world for a second successive month.

Global PMI* output & economic growth



Source: IHS Markit, JPMorgan.

Global PMI* and Covid-19 containment



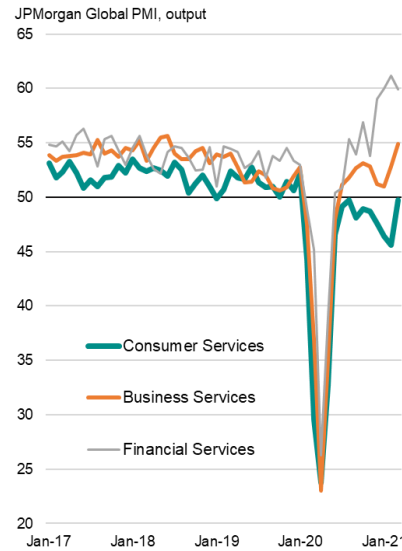
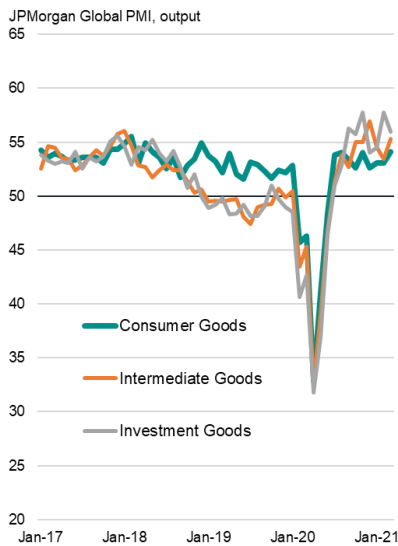
Source: IHS Markit

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

Equipment makers and financial services head sector growth rankings

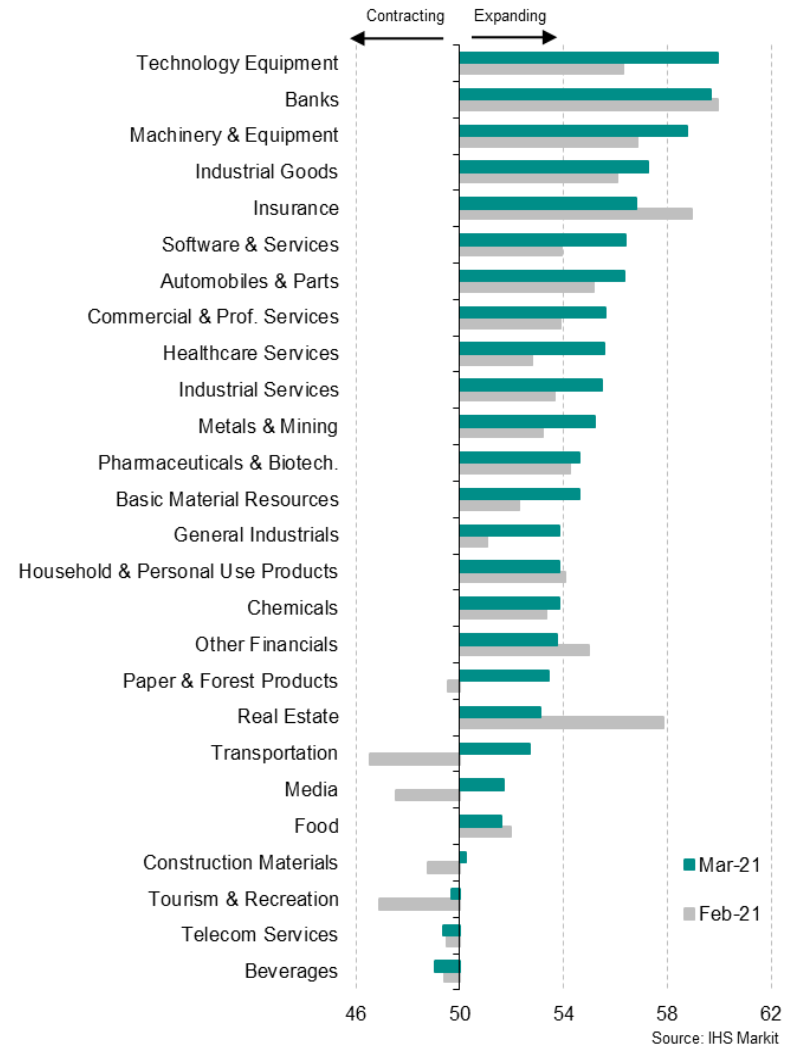
By far the biggest change was seen for consumer services, which have contracted continually since the pandemic began but saw only a very marginal downturn in business activity in March. However, financial services also fared well, with the rate of growth moderating only slightly from February's all-time high (comparable data are available since 2009), and business services enjoyed the fastest expansion since June 2018 as corporate spending picked up.

All broad sectors of manufacturing meanwhile reported robust expansions, led by the investment goods sector (and tech equipment in particular), to hint at an encouraging sustained upturn in capital spending. Also noteworthy was an acceleration in consumer goods production to the joint-highest since December 2018



Sources: IHS Markit, JPMorgan.

Global Sector PMI Output Index



Faster US growth leads global expansion as service sector booms

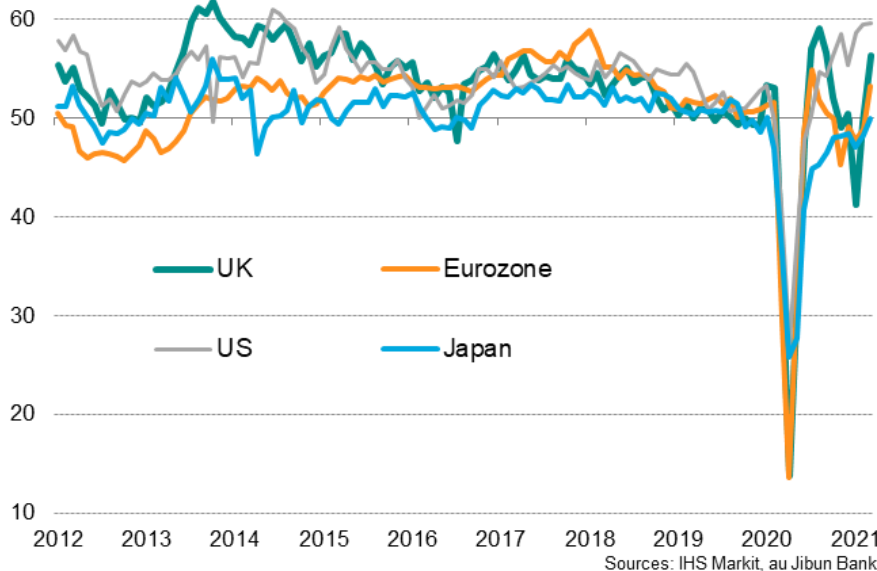
The US continued to lead the global expansion, with growth not only hitting the highest since mid-2014 but also running close to an all-time US survey high. The service sector was the main driver of the US expansion, recording the fastest growth of all major economies surveyed in March. However, US manufacturing growth slowed mainly as a result of supply bottlenecks.

Growth also rebounded in the Eurozone and the United Kingdom as businesses increasingly emerged from lockdowns, most forcefully in eurozone manufacturing, where record growth was recorded. UK factory output was comparatively subdued, mainly due to weak export growth, in turn often blamed on Brexit, but service sector growth revived strongly.

Japan's economy meanwhile came close to stabilising, recording the smallest (only marginal) contraction of business activity since the pandemic started. An ongoing – though moderating – service sector downturn countered the strongest manufacturing upturn for over two years.

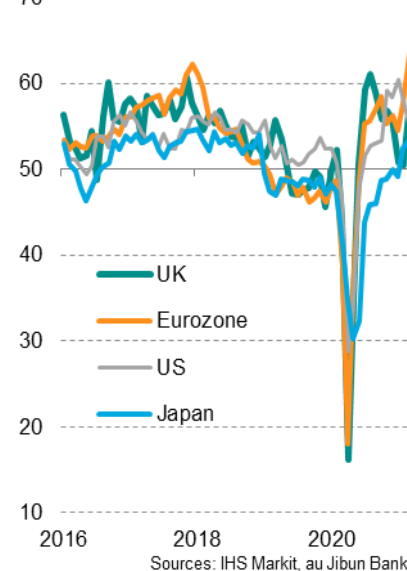
Developed market PMI* output, all sectors

Composite PMI Output/Business Activity Index



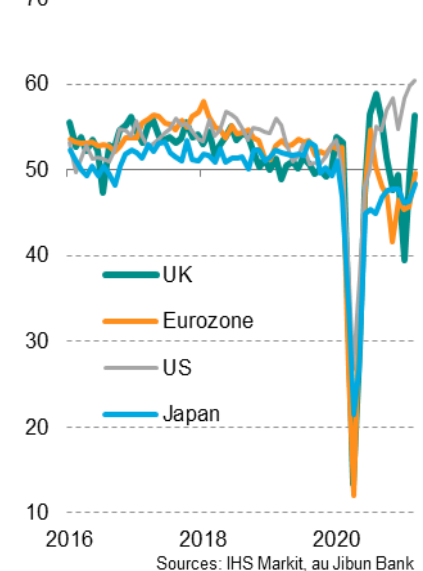
Manufacturing

PMI Manufacturing Output Index



Services

PMI Services Output Index



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

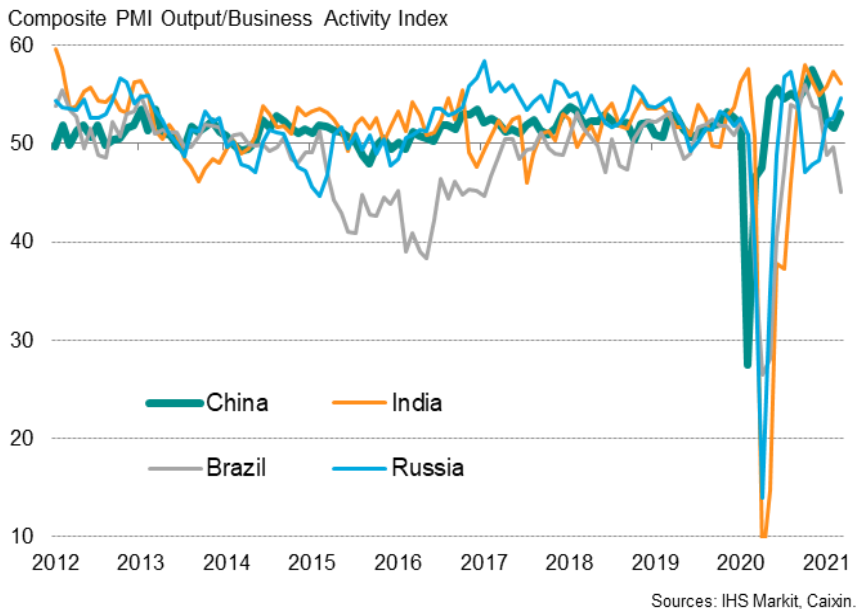
Brazil bucks global recovery trend

In the major emerging markets, India recorded the strongest expansion of business activity for the third successive month, taking over from China, where growth accelerated but remained weaker than seen late last year. Although India's growth remained among the highest seen over the past decade, output was constrained by rising infection rates hitting service sector activity. In [China](#) the largest constraint appeared to be shipping shortages for manufacturers, especially in relation to exports.

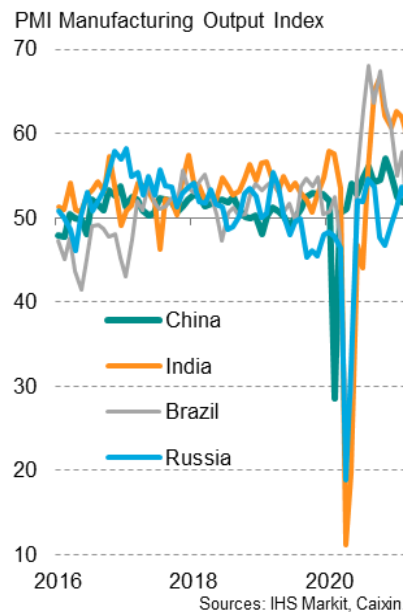
Brazil meanwhile saw the worst of both worlds, hit by supply chain delays and further COVID-19 restrictions. Brazil was the only major economy to report a deterioration of factory output. Similarly, services activity contracted at a rate not seen since last July amid the renewed virus wave.

Although Russia also struggled to sustain manufacturing output growth, the service sector expanded at the sharpest rate since October 2019 as COVID-19 restrictions were eased, resulting in the fastest growth of the economy since last August.

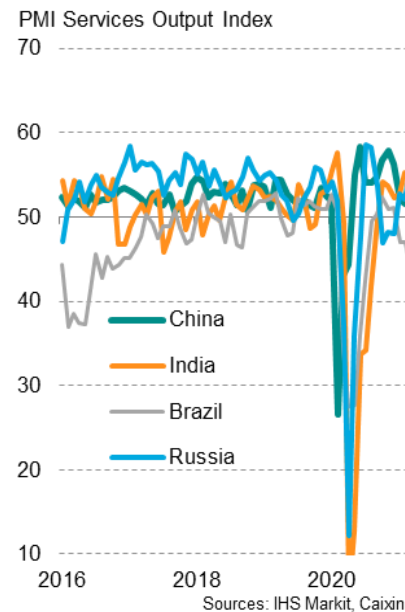
Emerging market PMI* output, all sectors



Manufacturing



Services



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

Global price gauge hits new high as input cost inflation accelerates

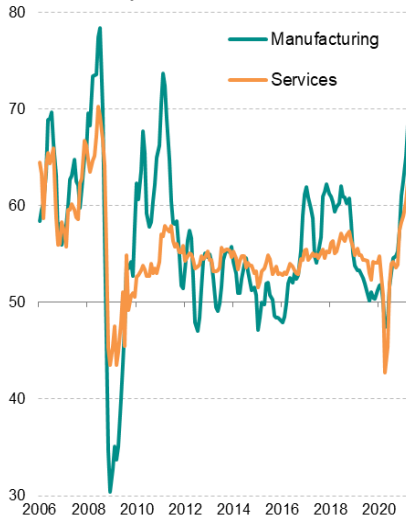
Inflationary pressures have meanwhile risen worldwide to the highest for at least a decade as surging demand was accompanied by widespread supply constraints in the provision of goods and services. The [survey data point to a steep rise in consumer price inflation](#) across the world in coming months, most notably in the US, where prices charged for consumer goods rose especially sharply. The input prices index from the JPMorgan Global Composite PMI, compiled by IHS Markit, rose in March to its highest since August 2008.

The upturn in costs has fed through to the steepest increase in average selling prices for goods and services for over a decade, the recent rate of increase greatly exceeding anything seen since comparable data were first available in late-2009 as upward price pressures showed signs of spreading from manufacturing through to services, and also to consumers.

The duration of any hike in price inflation will depend on supply and demand conditions, and it should be noted that many of the factors causing higher prices currently appear temporary.

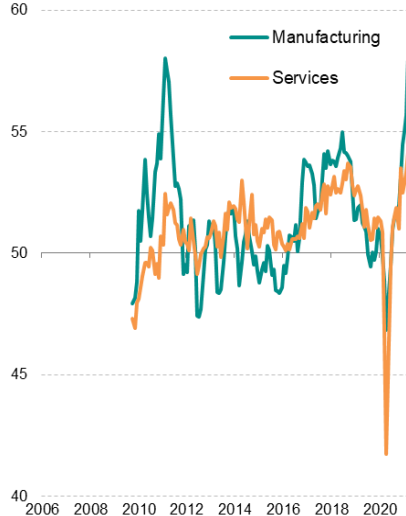
Global input costs and selling prices

Global PMI Input Costs



Sources: IHS Markit, JPMorgan

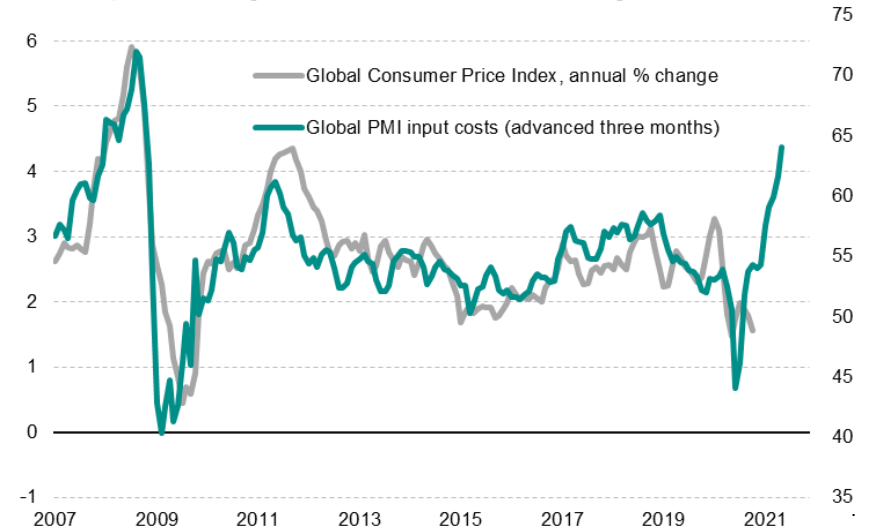
Global PMI Output Prices



Sources: IHS Markit, JPMorgan

Global PMI and inflation

Global CPI, annual % change



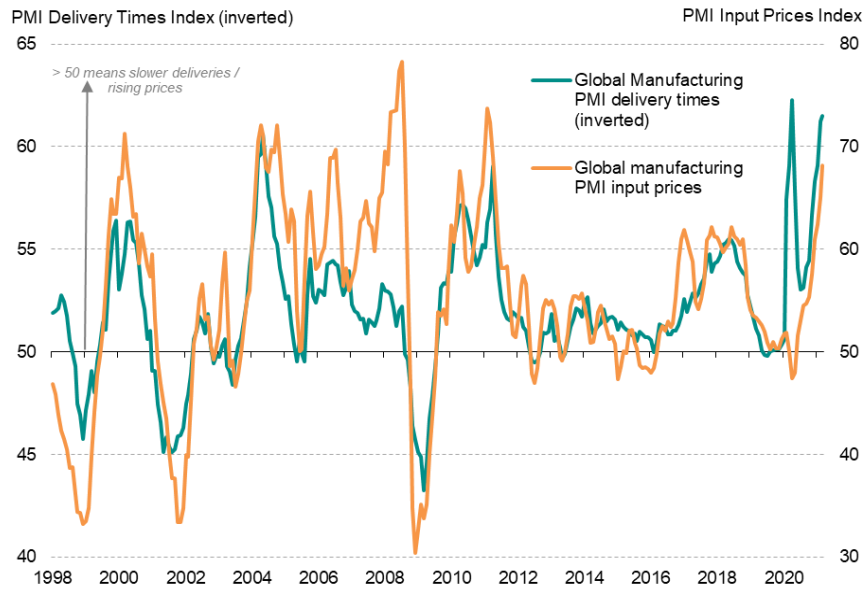
Source: IHS Markit, JPMorgan

Supply delays worsen

Factories again reported that higher costs reflected rising commodity prices as demand revived and economies recovered from lockdowns, often **exacerbated by supply shortages**. Supplier lead times lengthened at a near-record rate in March, due to both a lack of production capacity and logistics delays. The latter resulted in higher shipping costs for many goods, though these delays should ease as more capacity comes online.

Other temporary factors, such as adverse weather hitting US petrochemicals and Taiwanese chip production, added to the supply chain woes fueled by container shortages.

PMI prices charged, global sectors



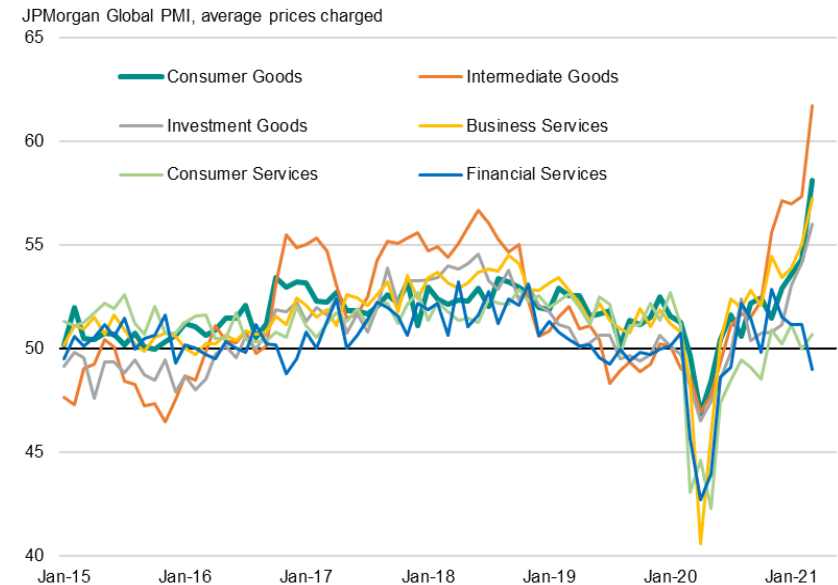
Sources: IHS Markit, JPMorgan.

Intermediate goods prices soar

The highest price pressures were recorded for intermediate goods – products sold as inputs to other companies – which rose at the fastest rate yet recorded since data were first available in October 2009. A survey high was also recorded for prices charged for investment goods, such as machinery and equipment, while consumer goods prices increased at the steepest rate for a decade, mainly reflecting the pass-through of these higher intermediate goods prices to final products, as well as greater shipping costs.

However, a survey high was also seen for rates levied for business services, hinting at the wider spread of upward price pressures.

PMI prices charged, global sectors

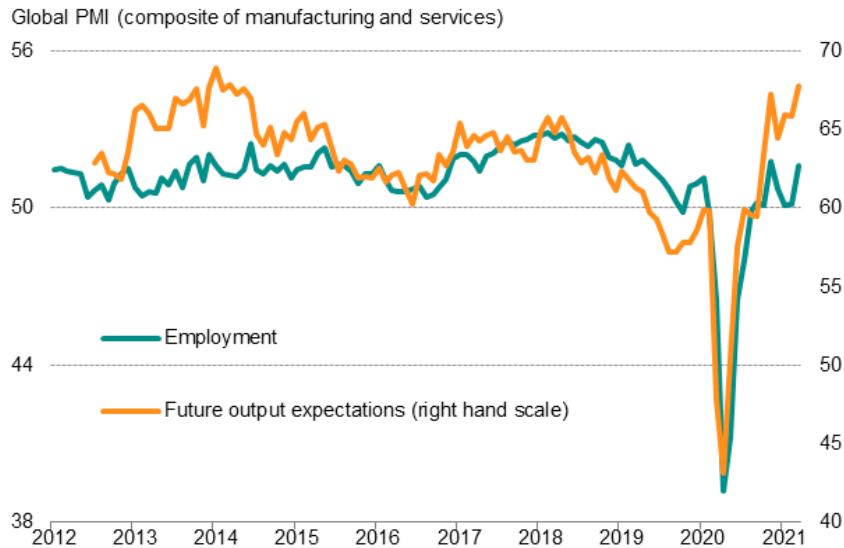


Global employment growth near two-year high in March

Global [employment growth accelerated in March](#) to the second-highest since May 2019, falling just shy of November's recent peak. Service sector jobs growth was the strongest since last November while factory job creation hit the best for 28 months. The jobs gain was driven by the largest rise in backlogs of orders since June 2018 as demand continued to rebound from COVID-19 lockdowns. Future business expectations also rose globally to the highest for seven years, further spurring the return to the jobs market for many companies.

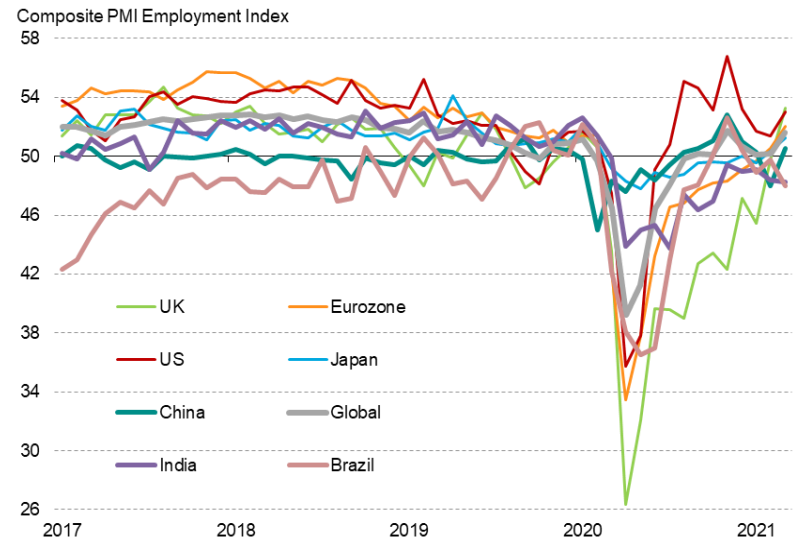
Among the largest economies, jobs growth was led by the UK, which reported the first net increase in employment since the start of the pandemic and the largest monthly increase for just over three years. Robust job gains were also seen in the US, where payroll numbers rose for a ninth straight month, and the eurozone – the latter notably seeing the strongest net job gain since June 2019. Although China eked out a modest employment gain after net job losses were reported in February, and Russia reported the largest increase in payroll numbers for just over two years, job losses accelerated in both Brazil and India to the highest for seven and five months respectively.

Global PMI* employment and optimism



Source: IHS Markit, JPMorgan.

PMI* employment



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

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

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- **23rd April:** Flash PMIs (US, Eurozone, UK, Japan, Australia)
- **30th April-5th May:** Final Worldwide Manufacturing PMIs
- **5-6th May:** Final Worldwide Services PMIs
- **7th May:** Detailed Sector PMIs

[Link to calendar](#)

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