



IHS Markit™

# Global PMI

Global economic growth cools from 15-year high  
as demand peaks and new COVID-19 waves hit

July 7<sup>th</sup> 2021

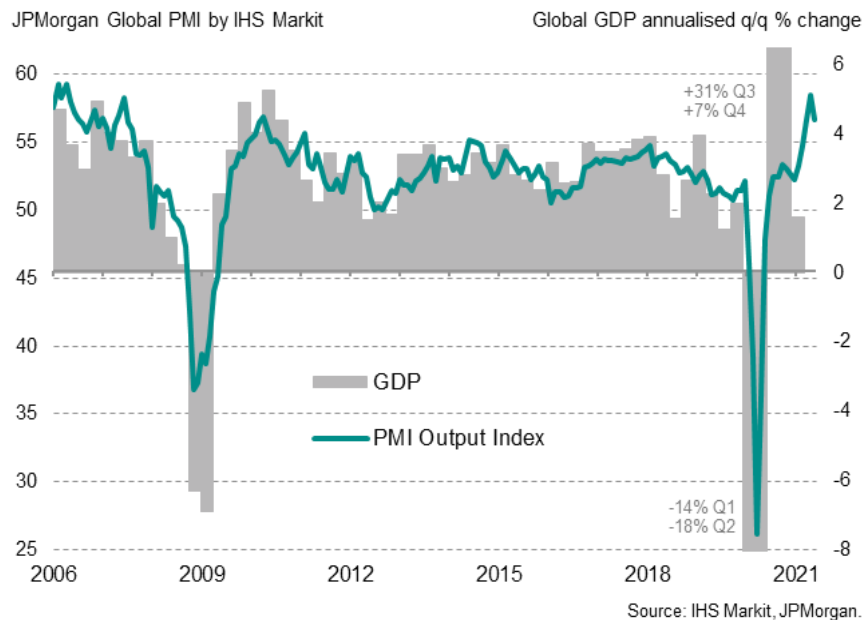
## Global PMI slips from 15-year high in June

The global economy expanded at a solid rate again in June, according to the JPMorgan Global PMI™ (compiled by IHS Markit). Although the rate of growth slowed slightly, the improvement was still among the strongest recorded over the past 15 years. The latest expansion took the recent run of growth into its twelfth consecutive month.

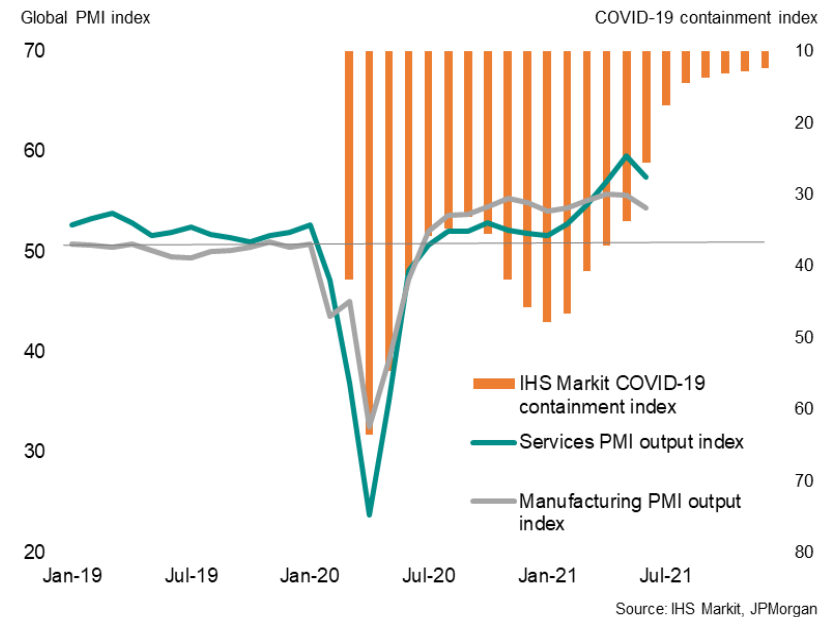
The global expansion was again led by the service sector, which outperformed manufacturing for a third successive month despite the rate of increase easing compared to May's 15-year peak. Manufacturing also continued to expand at a strong rate (enjoying one of the best performances for over a decade), though likewise saw a modest cooling in the rate of growth.

The outperformance of the service sector throughout the second quarter has coincided with COVID-related restrictions easing globally on average to the lowest since the pandemic began, albeit with marked variations by region.

### Global PMI\* output & economic growth



### Global PMI and COVID-19 containment

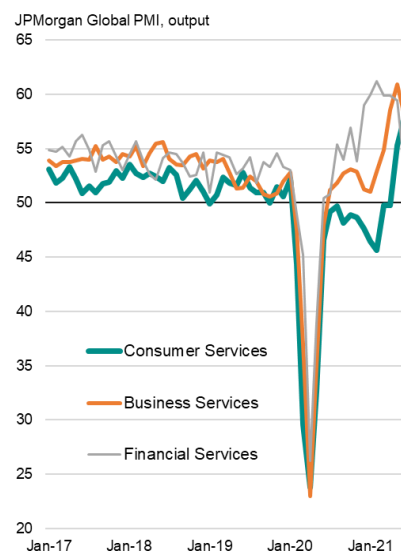


\* PMI shown is a GDP-weighted average of the survey manufacturing and services indices.

## Tourism & recreation sector leads global upturn in June

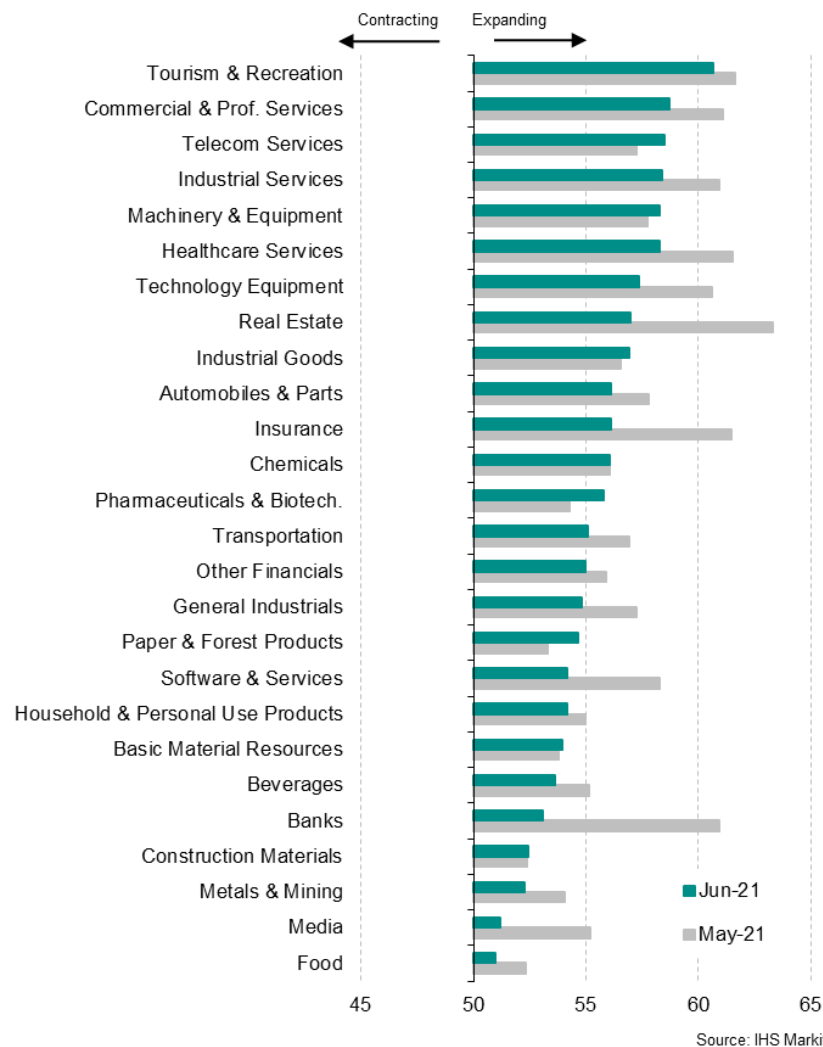
Of the 26 sub-sectors covered by the global PMI, the fastest expansion was seen for tourism & recreation, reflecting the opening up of these activities which had suffered the biggest output loss in 2020 due to the pandemic. The upturn helped drive a 12-year survey record expansion of overall consumer services output. Especially strong growth was also recorded for commercial & professional services, telecom services and other industrial services.

The fastest manufacturing expansion was recorded for machinery & equipment, followed by tech equipment, in an encouraging sign of rising global business investment expenditure.



Sources: IHS Markit, JPMorgan.

## Global Sector PMI Output Index



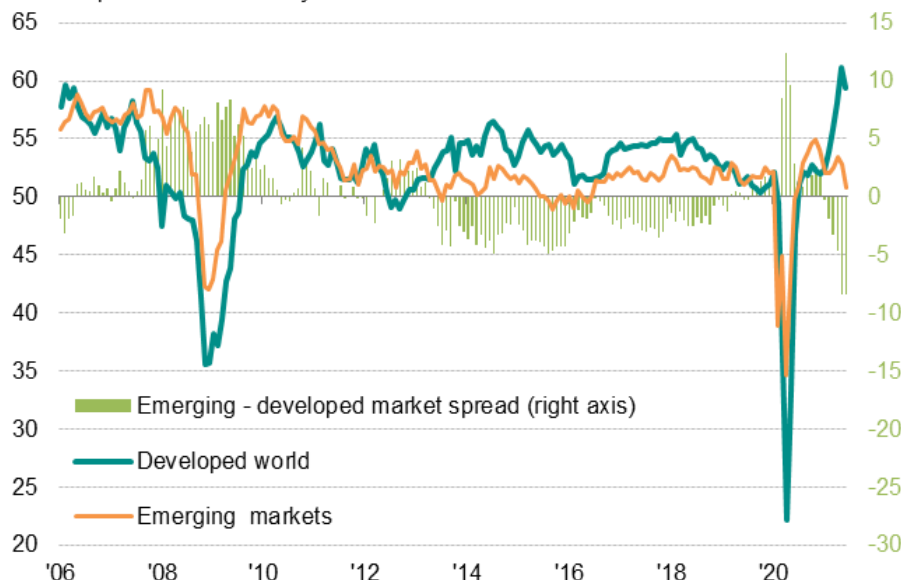
# Emerging markets lag in global recovery amid new virus waves

The June surveys showed a widening divergence of economic growth, due principally to the ongoing impact of COVID-19. Output in the developed world grew at the second-fastest rate for 15 years, the rate of expansion easing from May's near 17½ year peak but remaining impressively robust in both manufacturing and services. Services in particular have benefitted from the further opening up of economies in the US and Europe as high vaccination rates have allowed the removal of many restrictions.

In contrast, the emerging markets as a whole saw growth slow close to stagnation in June, registering the weakest expansion since July of last year. Barring the shutdowns in mainland China in February 2020, the resulting underperformance of the emerging markets relative to the developed world was the widest in the history of the global PMI surveys. Growth slowed in both emerging market manufacturing and services, commonly blamed on the impact of renewed COVID-19 restrictions and lockdowns to fight new waves of the virus.

## PMI output divergence

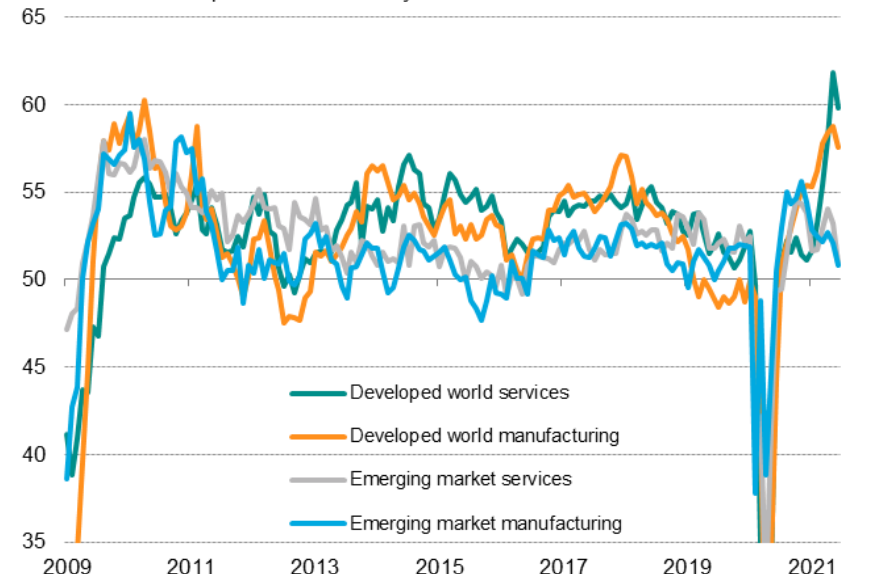
PMI Output/Business Activity Index



Source: IHS Markit.

## Manufacturing and services output

IHS Markit PMI Output/Business Activity Index



Source: IHS Markit.

# US and UK led upturn, eurozone hits 15-year high, Japan contracts

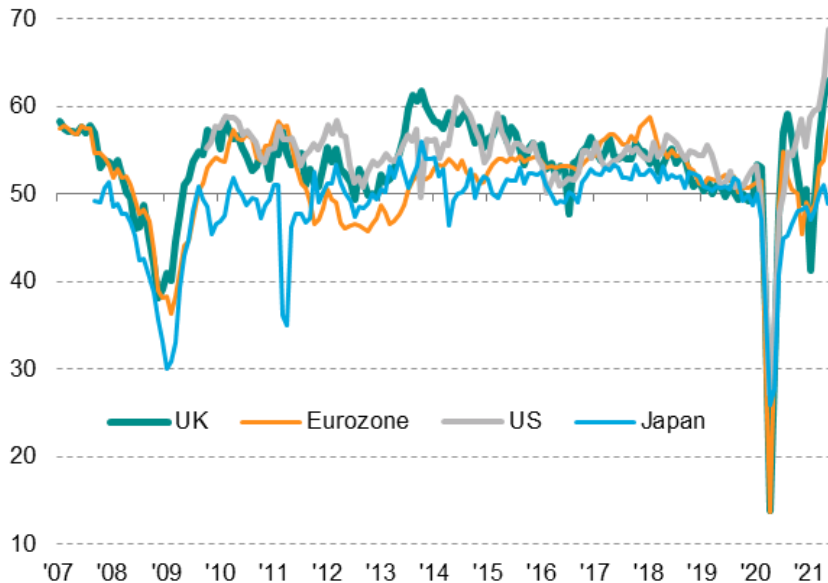
Looking at the major developed markets, the US reported the strongest overall expansion for the ninth successive month, led by especially rapid growth of service sector activity, followed by the UK. While both the US and UK saw a cooling in the rate of expansions within both manufacturing and services, hinting that growth may have peaked in May, both economies saw PMI survey record expansions over the second quarter as whole. Both countries saw many COVID-19 restrictions lifted and have seen impressive vaccination progress.

The eurozone meanwhile saw growth continue to accelerate in June, climbing to a 15-year high. Sustained near-record manufacturing growth was accompanied by the sharpest rise in service sector activity for 14 years, reflecting the easing of pandemic restrictions.

In Japan, however, business activity fell for a second month running, as a rising wave of infections led to a further contraction of service sector output and a near-stalling of factory output growth. More encouragingly, future optimism in Japan jumped to an eight-year high.

## Major developed markets PMI output

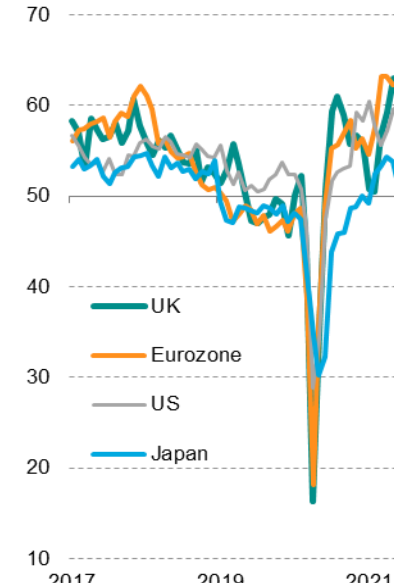
Composite PMI Output/Business Activity Index



Sources: IHS Markit, CIPS, au Jibun Bank

## Manufacturing

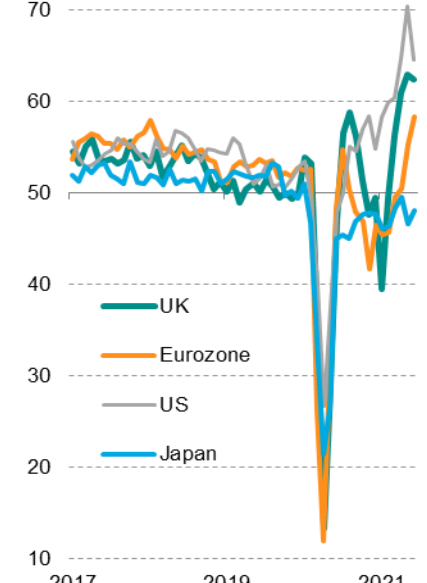
PMI Manufacturing Output Index



Sources: IHS Markit, au Jibun Bank

## Services

PMI Services Output Index



Sources: IHS Markit, au Jibun Bank

# India's decline deepens, China slows, but Brazil and Russia expand

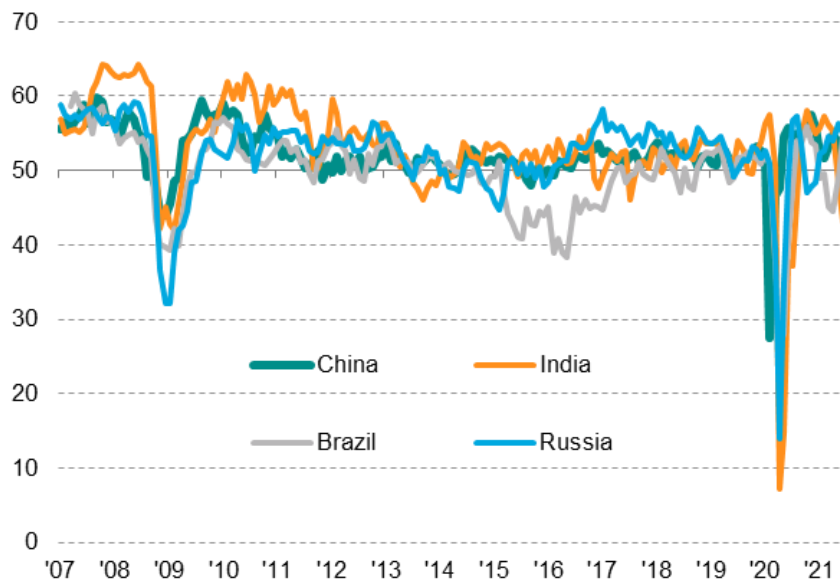
India, fighting a renewed virus wave, saw business activity slump at a rate not witnessed since July of last year. Service sector output fell especially sharply, down for a second month in a row, though manufacturing output also moved back into contraction for the first time in 11 months. Future optimism also fell further in India as companies continued to worry about the ongoing impact of the pandemic.

Growth in mainland China also slowed sharply to the weakest since April of last year amid renewed efforts to control the spread of the virus. Service sector growth more or less stalled, and factory output rose at the slowest rate for 15 months. Future expectations likewise deteriorated, down to a five-month low, contributing to a renewed drop in headcounts.

Growth also slowed in Russia as COVID-19 restrictions continued to hamper the recovery, albeit with growth remaining among the highest seen since the pandemic struck. Output in Brazil meanwhile returned to growth for the first time since December, linked to looser restrictions.

## Major emerging markets PMI output

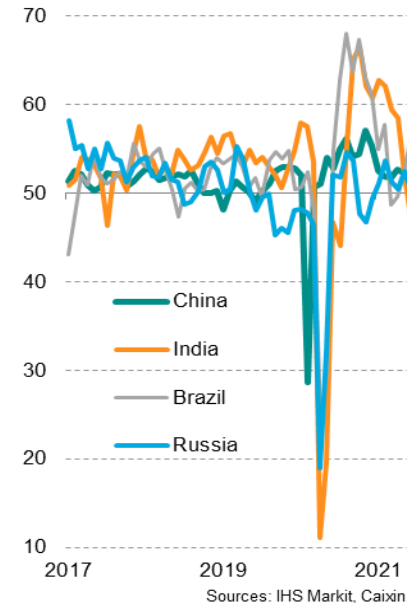
Composite PMI Output/Business Activity Index



Sources: IHS Markit, Caixin.

## Manufacturing

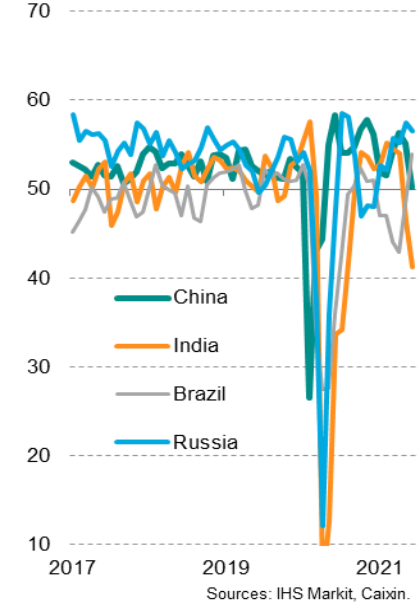
PMI Manufacturing Output Index



Sources: IHS Markit, Caixin.

## Services

PMI Services Output Index



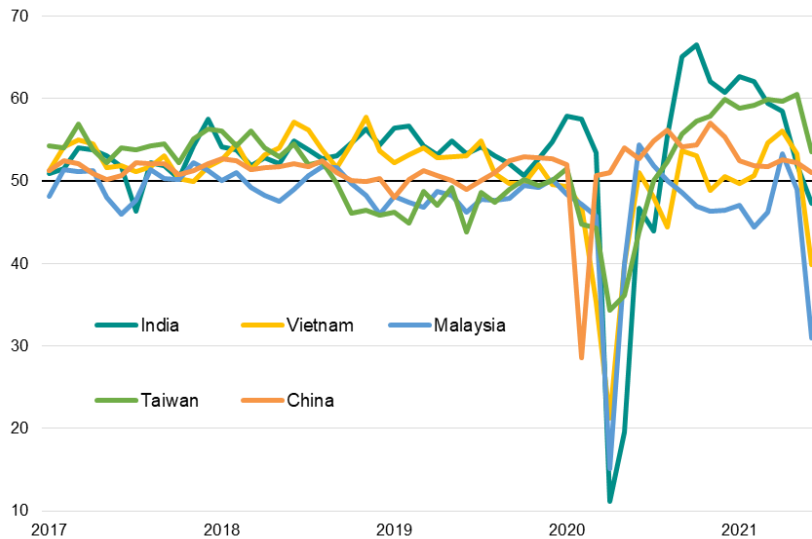
Sources: IHS Markit, Caixin.

# Factory output slips back into decline in emerging Asia

While factory output continued to surge in the US and Europe, a very different picture is evident in countries which have low vaccination rates and rising case numbers. Especially strong output declines were recorded in Malaysia and Vietnam during June, with a renewed drop also seen in India. Production in the Philippines declined for a third successive month and Thailand's output fell for a second month. Marked slowdowns were meanwhile seen in Taiwan, Indonesia and Japan, while factory output in China grew at its slowest rate since March of last year. Output in Asia came close to stalling as a result, and output in emerging Asia fell for the first time since May 2020.

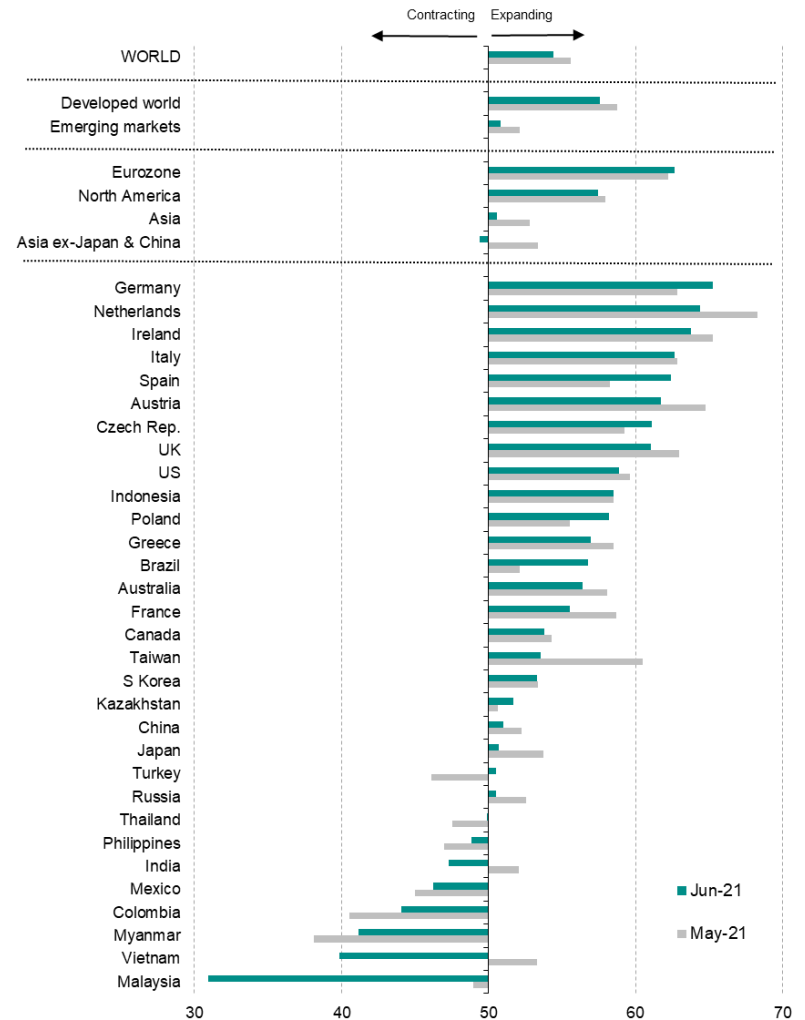
## Factory output in key Asian economies

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



Source: IHS Markit

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, Istanbul Chamber of Industry, Tengri Partners.

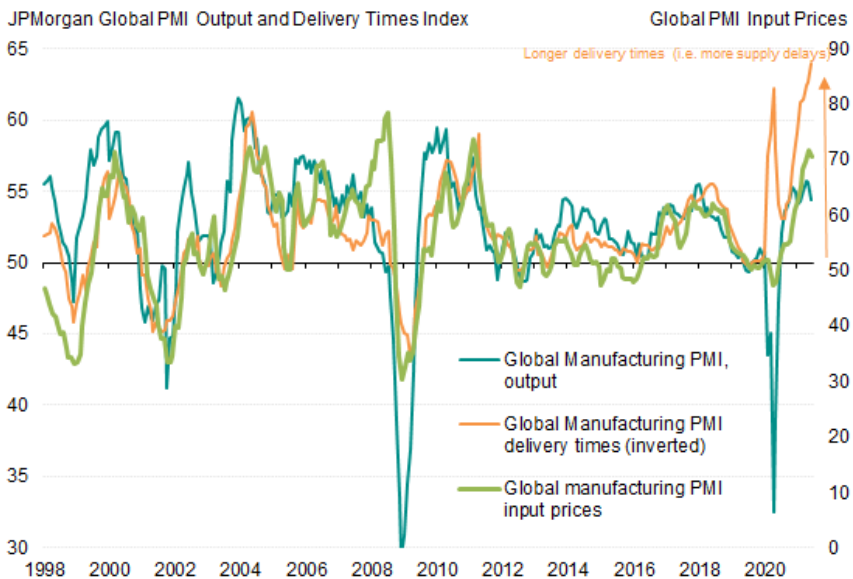


# Supply delays worsen in June, pushing up prices

Supply delays worsened in June. Average suppliers' delivery times lengthened globally to the greatest degree in over 23 years, surpassing even the prior peak seen in the early stage of the pandemic. Supply delays were most common in Europe and the US.

Supply chain delays were commonly linked to higher prices, with material costs rising globally at one of the fastest rates seen over the past decade in June. However, the rate of inflation cooled slightly, adding hopes to views that the recent surge in prices will prove transitory and moderate once transport and logistics issues linked to the pandemic start to ease.

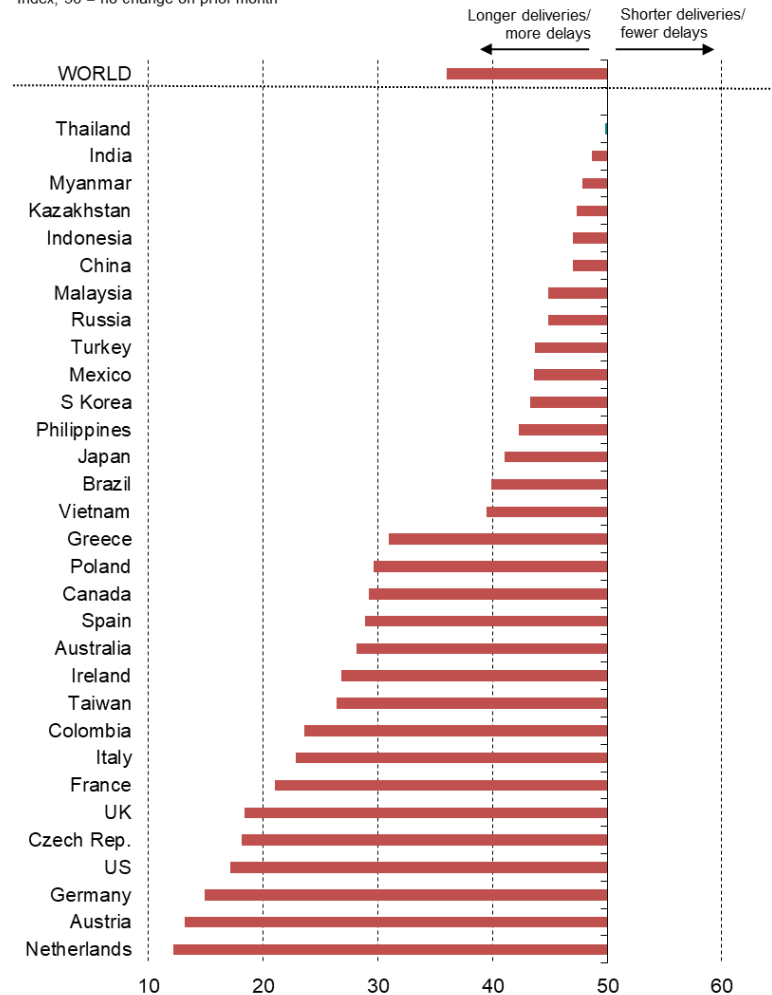
## Global supply delays and pricing



Sources: IHS Markit, JPMorgan.

## Supplier delivery times

Manufacturing PMI Suppliers' Delivery Times Index, 50 = no change on prior month



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



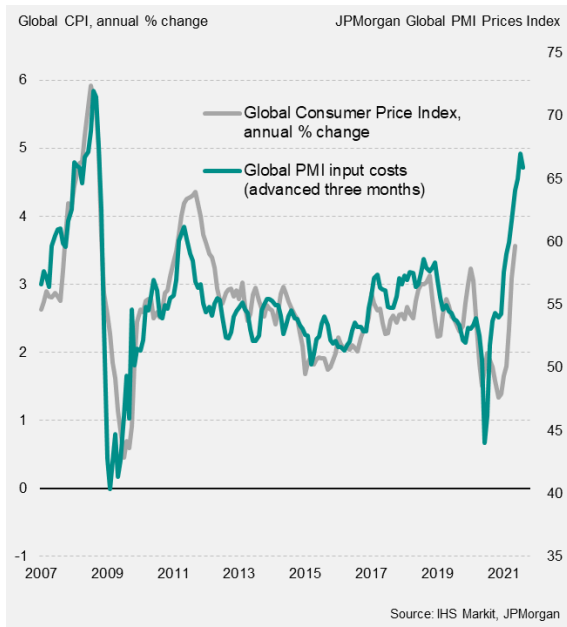
# Inflation shows signs of easing in US, new records seen in Europe

Global input costs across manufacturing and services rose in June at the second fastest rate since 2009, though the pace moderated from May to hint at a peaking in global price pressures. The survey data nevertheless suggest that global consumer price inflation has further to rise in coming months as higher costs are passed on to customers amid resurgent global demand.

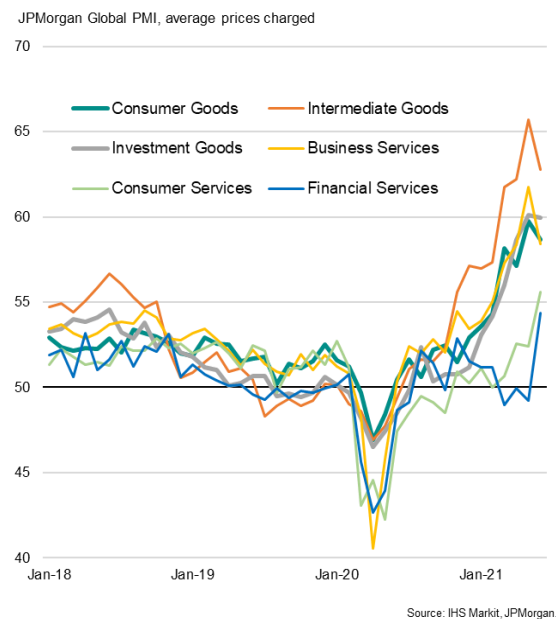
By far the steepest global price pressures were again recorded for intermediate goods – products supplied as inputs to other companies – though the rate of inflation eased from May’s 12-year survey record high. In fact, only prices charged for financial services and consumer services rose at increased rates in June.

Average prices charged for goods and services rose in the US to a considerably greater extent than in Europe and Japan, the latter again reporting especially subdued price pressures due to sluggish demand. While the US gauge of prices showed signs of peaking back in May, rates of inflation hit record highs in the UK and Eurozone.

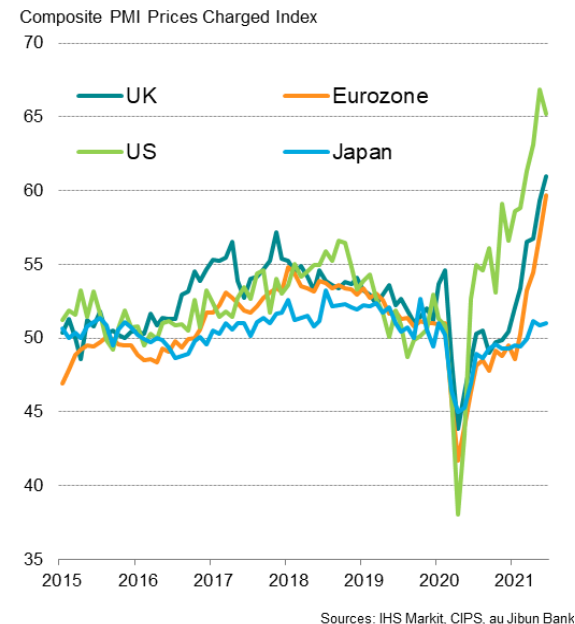
## Global inflation



## Global PMI prices charged



## PMI prices charged, main economies



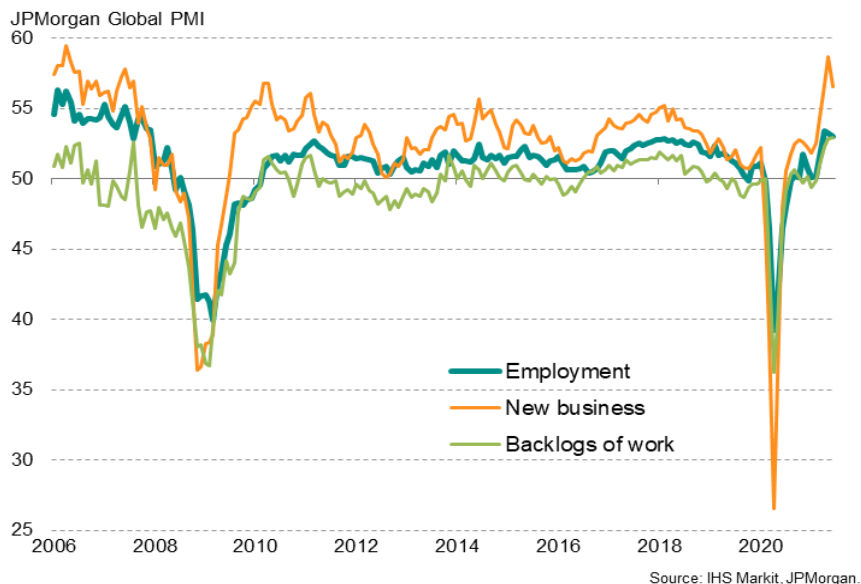
## Global jobs growth slows from recent highs

Although global employment continued to rise at one of the fastest rates seen over the past 14 years in June, as firms sought to meet surging demand, the rate of increase eased for a second month running. The slowdown reflected a combination of order book growth coming off recent highs, as well as firms reporting difficulties in finding suitable staff to fill vacancies, notably in the US, where the rate of hiring slowed to a three-month low.

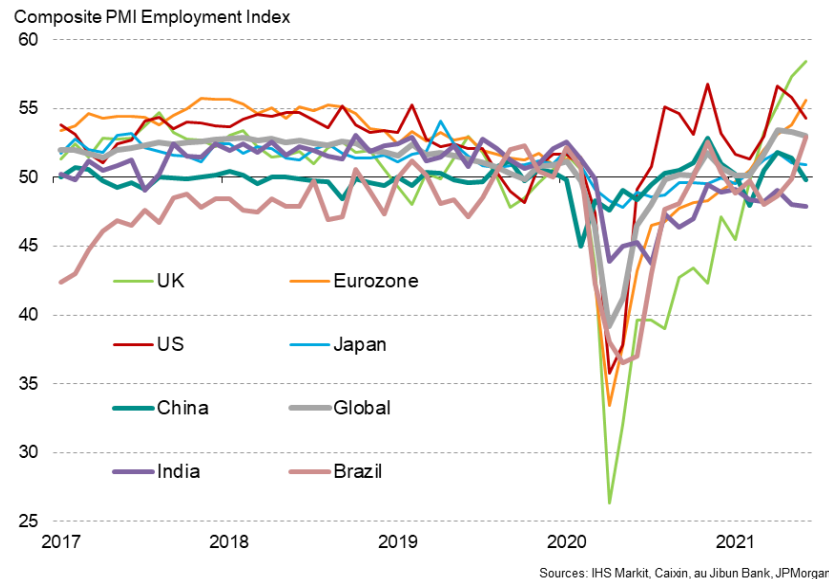
Of the world's largest economies, the UK reported the fastest rate of job creation, with the employment index hitting a 23-year survey high, followed by the eurozone, which reported the steepest jobs gain since the start of 2018. In contrast, jobs were cut in both India and China as firms reduced costs after being hit by further COVID-19 waves. Similarly, hiring slowed to a four-month low in Japan.

By sector, only the food manufacturing sector reported lower employment globally in June, with the steepest gains seen in tech equipment, software services and healthcare. Auto makers reported the fastest jobs growth within the manufacturing sector.

### Global order books and employment\*



### PMI\* employment indices



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

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- **23<sup>rd</sup> July** Flash PMIs for the US, Eurozone, UK & Australia
- **26<sup>th</sup> July** Flash PMIs for Japan
- **2<sup>nd</sup> August:** Final Worldwide Manufacturing PMIs
- **4<sup>th</sup> August:** Final Worldwide Services PMIs
- **5<sup>th</sup> August:** Detailed Sector PMIs

[Link to calendar](#)

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