

Monthly PMI bulletin

Global PMI reveal growth slowing, divergences deepening in July

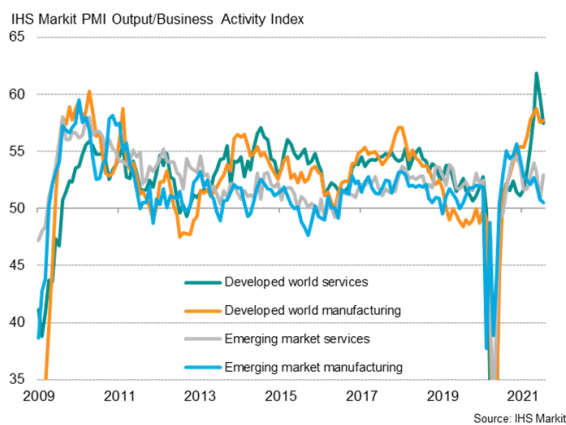
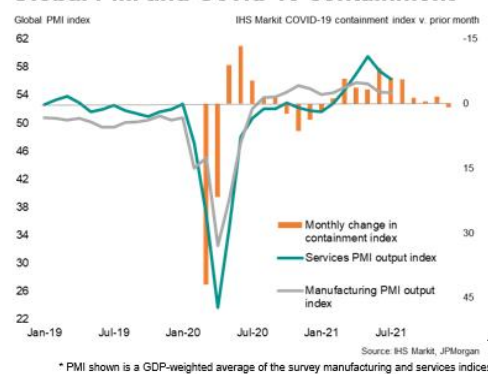
Monthly summary

The global economy expanded at a solid rate again in July, according to the JPMorgan Global PMI™ (compiled by IHS Markit). The rate of expansion, however, **slowed further from the 15-year high seen in May**.

Both manufacturing and service sectors saw growth moderating in July. **Services continued to hold the lead** as global COVID-19 restrictions eased on average to the lowest since the pandemic began in July.

Manufacturing output meanwhile sustained in expansion at an above-average rate in July, but saw a host of **supply-side constraints**, such as input shortages, which were only further aggravated by the spread of the Delta variant, particularly across the APAC region.

Global PMI and Covid-19 containment



Indeed, **global growth divergences widened in July** as the Delta wave hit many emerging market economies harder than the developed world.

The ASEAN manufacturing PMI notably dropped to a 13-month low, with countries also lagging their western counterparts in terms of

vaccination progress on average, which is a key differentiation factor.

Our **key takeaways** from the July PMI are that

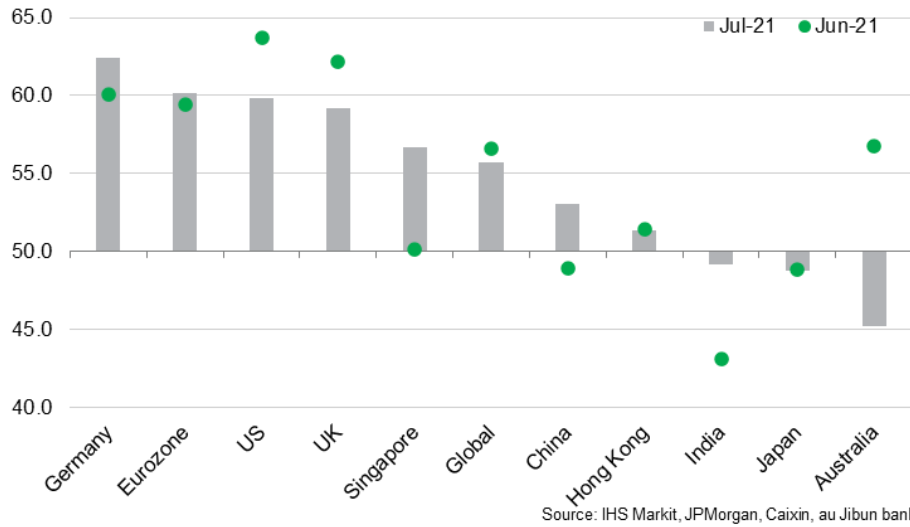
- 1) global growth momentum has eased with the resurgence in COVID-19 cases, underpinned by the spread of the Delta variant.
- 2) worsening supply/higher prices and widening growth divergences pose downside risks to the outlook going into the second half of the year.
- 3) the overall global recovery nevertheless remains robust we will be **looking for future PMI data** to confirm that further vaccine progress should (a) help boost growth and (b) reduce price pressures once supply and demand come back into balance

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Regional comparisons

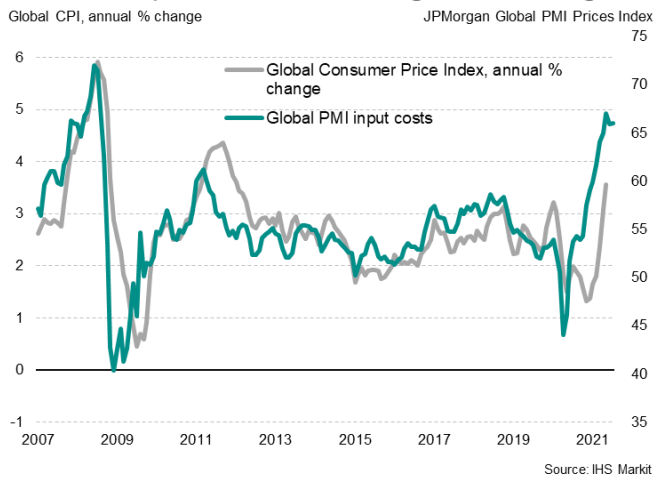
IHS Markit Composite Output Index, 50 = no change from prior month



The Good, the Bad and the Ugly

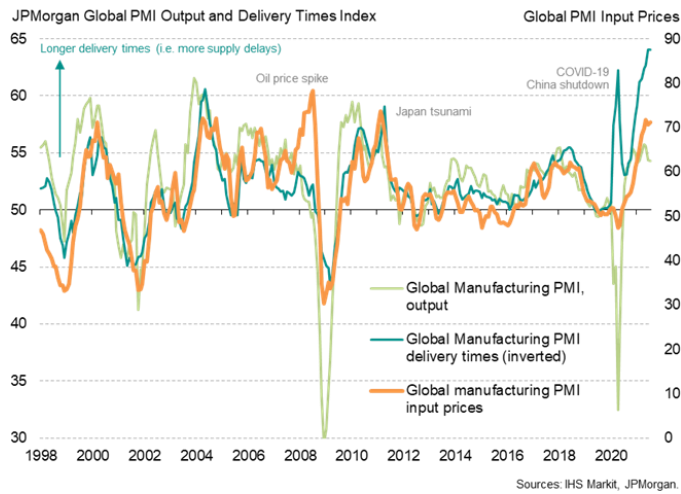
Key PMI developments

The Good – Inflation pressures show signs of easing



- Global input cost inflation ticked higher in July but remained below the 13-year high in May. While it is too early to cheer the slight turn for the still-elevated price indications as hard evidence to prove the transitory view towards inflation, the data nevertheless offered a temporary respite for markets.
- Arguably, with the latest spread of the more infectious Delta variant, intensification of supply issues, and thereby price inflation, may be landing on our shores. That said, the risks brought about by this more dangerous strain of the virus, alongside the halt in the acceleration of price inflation, may keep more hawkish rhetoric from central bankers at bay for longer.

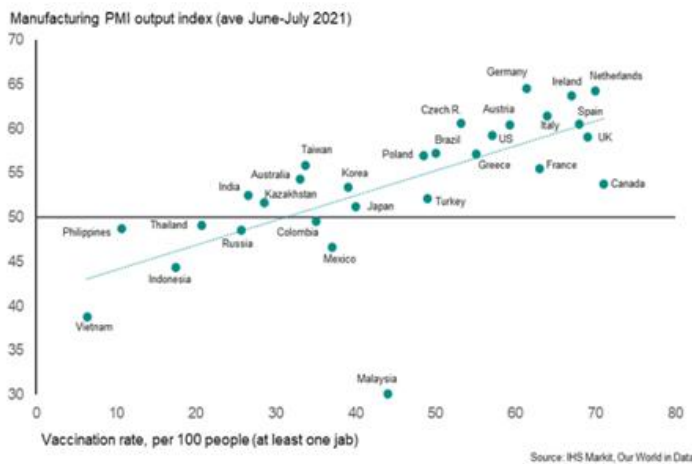
The Bad – Supply constrains worsen



- Extrapolating on the previous point of supply issues, global [suppliers' delivery times](#) continued to lengthen in July at the survey record rate seen in June. Shortages of raw materials and components, alongside shipping logistical problems, remained frequently cited amongst panelists.
- A marked fall in business optimism in July also hints that companies could become reticent to expand capacity while the pandemic continues to hit supply chains. ([Link](#))

The Ugly – A bad Delta variant cold for APAC

Factory output vs vaccination rates



- The Delta variant led to increased COVID-19 containment measures in many countries, notably in the Asia Pacific region, during July. Manufacturing production consequently fell sharply in economies such as Vietnam, Indonesia and Malaysia, ones that also lagged the world in their vaccination progress.
- Referencing the Global PMI heatmap below, one would also notice services performance deteriorated, particularly in APAC countries in July. For the likes of Malaysia and Thailand, the latest COVID-19 wave has also yet to peak at the start of August, which is not a good sign for the respective economies.

Global PMI heatmap

Manufacturing

		Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	Jul'21
Global	Global												
North America	Canada												
	US												
South America	Brazil												
	Colombia												
	Mexico												
Europe	EU												
	Austria												
	Czech Republic												
	Denmark												
	France												
	Germany												
	Greece												
	Ireland												
	Italy												
	Netherlands												
	Poland												
	Russia												
	Spain												
	Switzerland												
	UK												
Asia Pacific	Australia												
	China (Mainland)												
	Hong Kong SAR*												
	India												
	Indonesia												
	Japan												
	Kazakhstan												
	Myanmar												
	New Zealand												
	Philippines												
	Singapore*												
	South Korea												
	Taiwan												
	Thailand												
Vietnam													
Middle East	Israel												
	Lebanon*												
	Qatar*												
	Saudi Arabia*												
	Turkey												
	UAE*												
Africa	Ghana*												
	Kenya*												
	Mozambique*												
	Nigeria*												
	South Africa*												
	Uganda*												
Zambia*													

*Whole economy or composite PMI used in the absence of manufacturing PMI

Source: IHS Markit and relevant sponsors

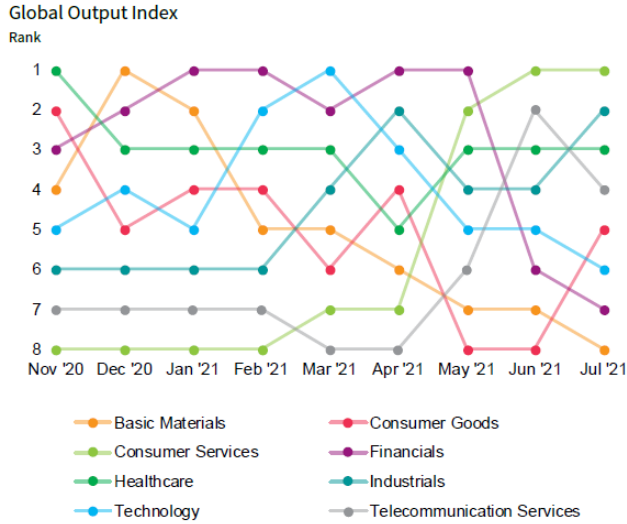
Services

		Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	Jul'21
Global	Global												
Americas	US												
	Brazil												
Europe	EU												
	France												
	Germany												
	Ireland												
	Italy												
	Russia												
	Spain												
	UK												
Asia Pacific	Australia												
	China (Mainland)												
	India												
	Japan												
	Kazakhstan												

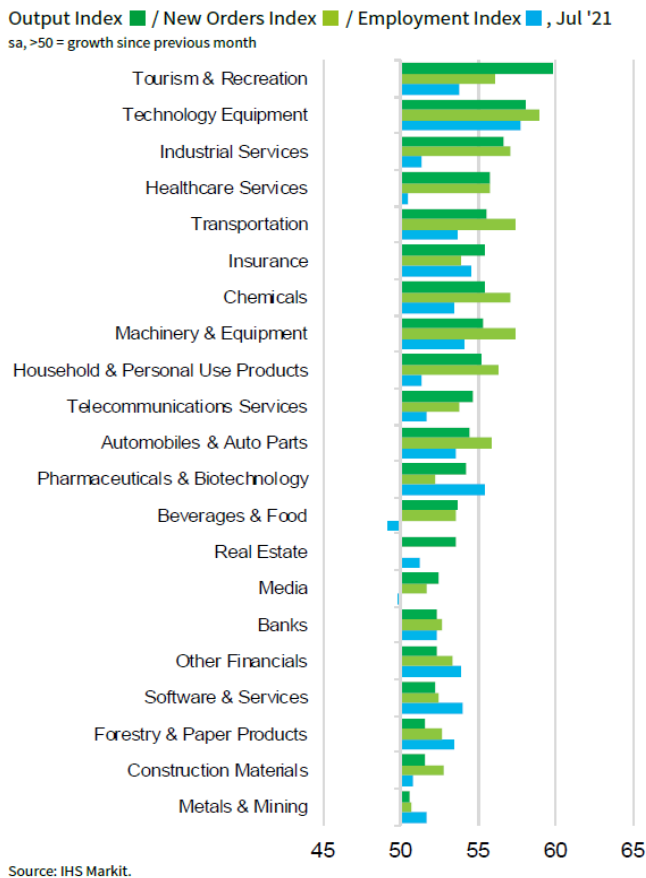
Source: IHS Markit and relevant sponsors

Global Sector PMI

Consumer services maintained the lead despite a pullback in global growth momentum, while basic materials output ranked last amongst the eight sector groups tracked.



Sub-sector data indicated that tourism and recreation led global growth in July while tech goods makers experienced the largest rise in backlogs.



For more global sector PMI details, please visit [here](#).

Recent PMI and economic analysis from IHS Markit

Global	Global manufacturing supply constraints continue to develop at record rate	2-Aug	Chris Williamson
	Eurozone leads as US and UK see slower growth, Japan and Australia contract	26-Jul	Chris Williamson
	Global electronics industry faces continuing supply disruptions	26-Jul	Rajiv Biswas
	Understanding ... PMI suppliers' delivery times: A widely used indicator of supply delays, capacity constraints and price pressures	21-Jul	Chris Williamson
Europe	Delta variant spread poses key risks to global economic recovery	12-Jul	Jingyi Pan
	Eurozone manufacturing growth hit by supply shortages, and prices rise ever higher	2-Aug	Chris Williamson
	Flash Eurozone PMI signals fastest economic growth for 21 years	23-Jul	Chris Williamson
	Flash UK PMI slides to four-month low as COVID-19 wave dampens economic growth	23-Jul	Chris Williamson
	UK manufacturing output hit as covid wave limits staff and component availability	23-Jul	Chris Williamson
APAC	South Korea Economic Rebound Threatened by New COVID Wave	2-Aug	Rajiv Biswas
	Japan shows further divergence from other developed economies as virus disruptions continue	26-Jul	Jingyi Pan
	Flash Australia PMI signals economy in contraction amid widespread lockdowns	23-Jul	Jingyi Pan
	Taiwan's export boom comes off the boil	20-Jul	Chris Williamson
	APAC Economies Hit by New COVID-19 Waves	15-Jul	Rajiv Biswas
Commodities	Weekly Pricing Pulse: Commodity prices dip	28-Jul	Michael Dall

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

Release calendar

UTC		Local		Product
22 Aug 23:00	23 Aug 09:00	UTC+10	AEST	Flash Australia PMI*
23 Aug 00:30	23 Aug 09:30	UTC+9	JST	Flash Japan PMI*
23 Aug 07:15	23 Aug 09:15	UTC+2	CEST	Flash France PMI*
23 Aug 07:30	23 Aug 09:30	UTC+2	CEST	Flash Germany PMI*
23 Aug 08:00	23 Aug 10:00	UTC+2	CEST	Flash Eurozone PMI*
23 Aug 08:30	23 Aug 09:30	UTC+1	BST	Flash UK PMI*
23 Aug 13:45	23 Aug 09:45	UTC-4	EDT	Flash US PMI*
27 Aug 08:00	27 Aug 10:00	UTC+2	CEST	Austria Manufacturing PMI
31 Aug 23:00	01 Sep 09:00	UTC+10	AEST	Australia Manufacturing PMI
01 Sep 00:01	01 Sep 01:01	UTC+1	IST	Ireland Manufacturing PMI
01 Sep 00:30	01 Sep 09:30	UTC+9	JST	Japan Manufacturing PMI
01 Sep 00:30	01 Sep 08:30	UTC+8	MYT	Malaysia Manufacturing PMI
01 Sep 00:30	01 Sep 09:30	UTC+9	KST	South Korea Manufacturing PMI
01 Sep 00:30	01 Sep 08:30	UTC+8	CST	Taiwan Manufacturing PMI
01 Sep 00:30	01 Sep 08:30	UTC+8	PHT	Philippines Manufacturing PMI
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01 Sep 00:30	01 Sep 07:30	UTC+7	ICT	Vietnam Manufacturing PMI
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01 Sep 05:00	01 Sep 10:30	UTC+5.5	IST	India Manufacturing PMI
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01 Sep 07:00	01 Sep 09:00	UTC+2	CEST	Netherlands Manufacturing PMI
01 Sep 07:00	01 Sep 09:00	UTC+2	CEST	Poland Manufacturing PMI
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03 Sep 00:01	03 Sep 01:01	UTC+1	IST	Ireland Services PMI*
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03 Sep 00:30	03 Sep 09:30	UTC+9	JST	Japan Services PMI*
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03 Sep 06:00	03 Sep 09:00	UTC+3	EAT	Uganda PMI
03 Sep 06:00	03 Sep 12:00	UTC+6	ALMT	Kazakhstan Services PMI*
03 Sep 07:15	03 Sep 09:15	UTC+2	SAST	South Africa PMI
03 Sep 07:15	03 Sep 09:15	UTC+2	CEST	Spain Services PMI*
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03 Sep 13:45	03 Sep 09:45	UTC-4	EDT	US Sector PMI
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06 Sep 15:00	06 Sep 11:00	UTC-4	EDT	Global Sector PMI
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07 Sep 08:00	07 Sep 09:00	UTC+1	BST	Global Steel Users PMI
07 Sep 08:30	07 Sep 09:30	UTC+1	BST	Global Electronics PMI
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09 Sep 00:01	09 Sep 01:01	UTC+1	BST	Scotland Report on Jobs
09 Sep 04:15	09 Sep 08:15	UTC+4	GST	Dubai PMI
12 Sep 23:01	13 Sep 00:01	UTC+1	BST	UK Regional PMI
13 Sep 00:01	13 Sep 01:01	UTC+1	IST	Ireland Construction PMI

Notes

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Dates are provisional and subject to change. *includes composite manufacturing and services PMI.

Last updated: 15 Jul 2021.

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