

# Monthly PMI bulletin

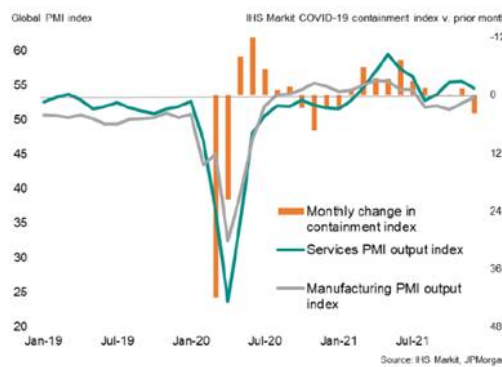
## Global supply chain disruptions ease even as Omicron variant hits

### Monthly summary

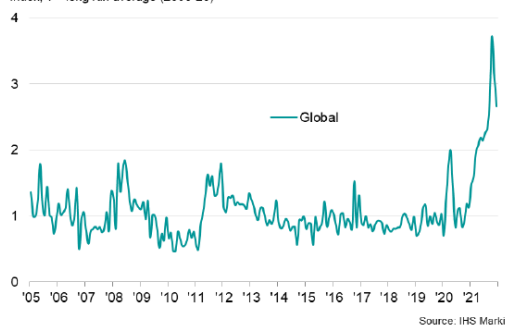
The global economy expanded for an eighteenth straight month in December, according to the JPMorgan Global PMI™ (compiled by IHS Markit). The **rate of expansion eased to a three-month low**, however, as a surge in COVID-19 cases globally weighed on service sector performance.

Both manufacturing and service sectors expanded in December, although services business activity growth eased to a three-month low. **A renewed rise in COVID-19 cases, fuelled by the spread of the more infectious Omicron variant**, led to increased restrictions (both imposed and voluntary). This implicated the service sector performance in December, particularly for those dependent on face-to-face interactions. That said, services output growth continued to surpass that of manufacturing for a ninth successive month.

Global PMI and Covid-19 containment



Global companies reporting lower output due to material or staff shortages Index, 1 = long run average (2005-20)



Meanwhile, manufacturers reported that **constraints on production eased**, which had been a positive sign. **Supplier delivery delays eased while price pressures cooled** in December, though supply issues remained a significant drag on production globally. The risk remains that the more

infectious Omicron variant spread can further aggravate growth and supply chain issues, making it a key unknown to monitor going into 2022.

In short, our **key takeaways** from the December PMI are:

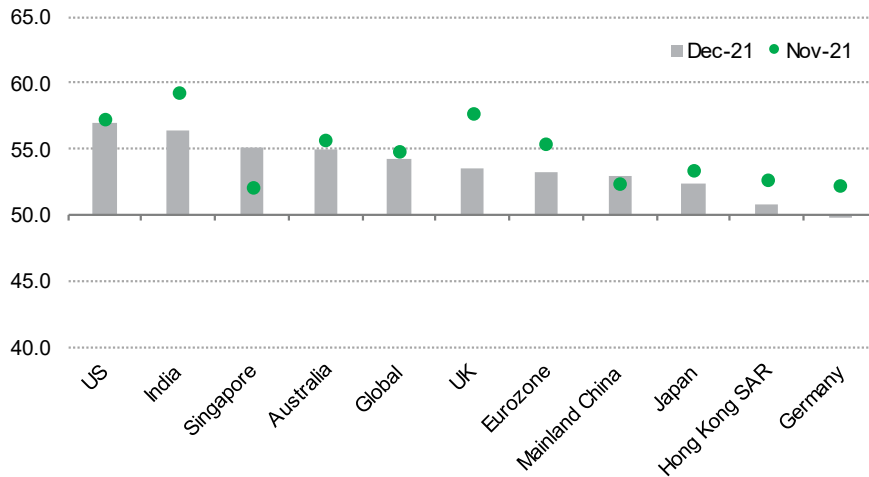
- 1) rising COVID-19 infectious exerted renewed pressure on service sector performance with the case growth yet to plateau at end-2021;
- 2) supply chain issues have shown nascent signs of easing but remain at risk of re-aggravation if the new COVID-19 wave prove to be significantly destructive to supply chain operations.

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## Regional comparisons

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



Source: IHS Markit, au Jibun bank, Caixin, CIPS, JPMorgan

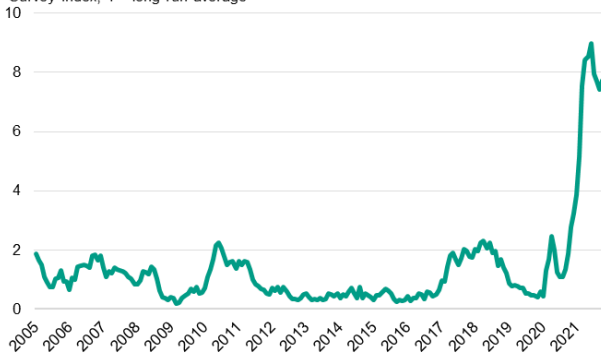
## The Good, the Bad and the Ugly

### Key PMI developments

#### The Good: Supply chain issues sprout green shoots of easing

##### Companies worldwide reporting shortages of inputs

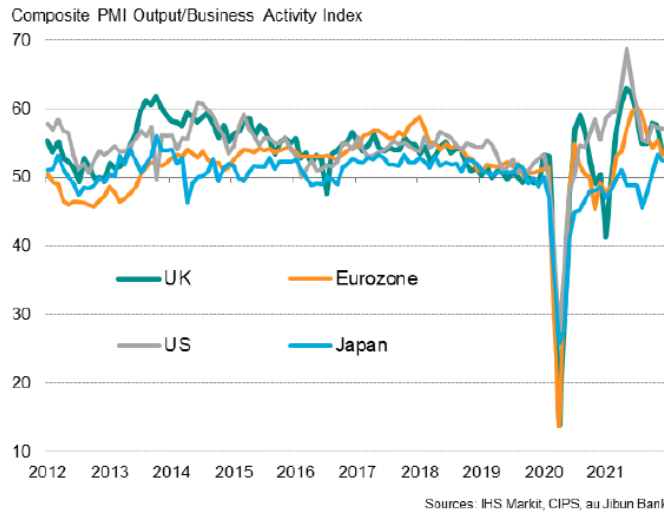
Survey index, 1 = long-run average



Source: IHS Markit PMI surveys.

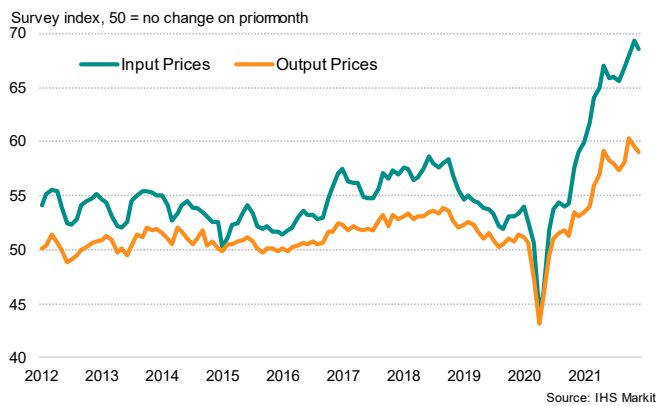
- Although ongoing production issues continued to pose a drag on production in many cases, December's PMI data showed early signs of easing supply chain constraints.
- An acceleration of global manufacturing production in December had been accompanied by the easing of supplier delivery delays for a second successive month while input price inflation likewise eased for a second month running.
- Moreover, the number of global factories reporting lower output due to material or staff shortages slipped further from the October peak which in turn saw the incidence of safety stock building – another key contributor to the ongoing demand-supply imbalance – cooling from November's all-time high. [\[Link\]](#)

## The Bad: Global growth slows amid Omicron variant spread



- Global economic growth slowed in the final month of 2021 as COVID-19 cases rose, particularly in North America and European countries, in turn seeing services business activity hampered as both imposed and voluntary restrictions were undertaken. [\[Link\]](#)
- While many Asia-Pacific countries largely saw growth momentum easing from the recent peak in December, a result of the recovery from the Delta wave, some such as Australia went on to register fresh record number of cases, thus foreshadowing greater Omicron impact on the economy moving into 2022.

## The Ugly: Risk of renewal of price pressures amid Omicron wave



- Despite the easing of price pressures, global input and output price inflation remained elevated by historical standards.
- While the easing of price pressures ought to be a positive sign, the latest developments surrounding the spread of the more infectious COVID-19 Omicron variant and the resultant increase in restrictions pose renewed threats to supply chain and prices.
- Risks of increased inclination for monetary policy tightening by central banks around the world and amid a situation of slowing service sector growth spell of increased downside risks for global growth moving into 2022.

## Global PMI heatmap

### Manufacturing

		Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'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												
	Spain												
	Switzerland												
	UK												
Asia Pacific	Australia												
	China (Mainland)												
	Hong Kong SAR*												
	India												
	Indonesia												
	Japan												
	Kazakhstan												
	Malaysia												
	Myanmar												
	New Zealand												
	Philippines												
	Russia												
	Singapore*												
	South Korea												
	Taiwan												
	Thailand												
Middle East	Vietnam												
	Israel												
	Lebanon*												
	Qatar*												
	Saudi Arabia*												
	Turkey												
Africa	UAE*												
	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

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

Source: IHS Markit and 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

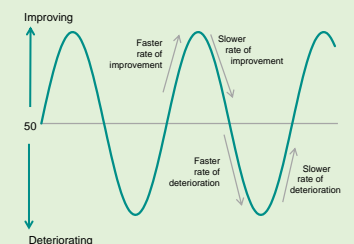
#### Composite indices

- 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](#).

#### Key:

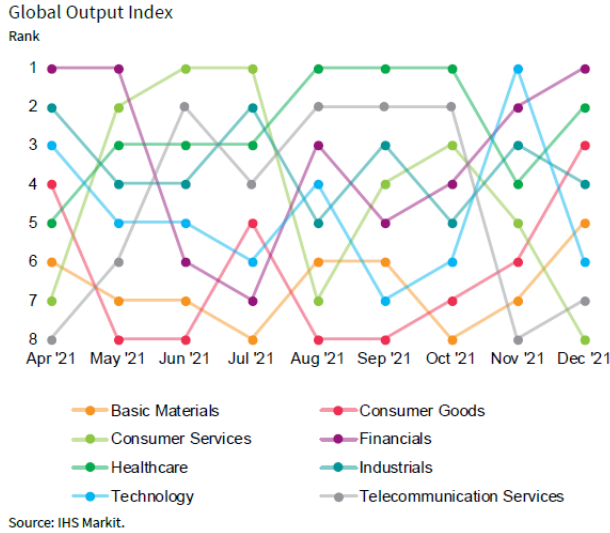
Improving at a faster rate	
Improving at a slower rate	
At neutral 50.0 mark	
Deteriorating at a slower rate	
Deteriorating at a faster rate	



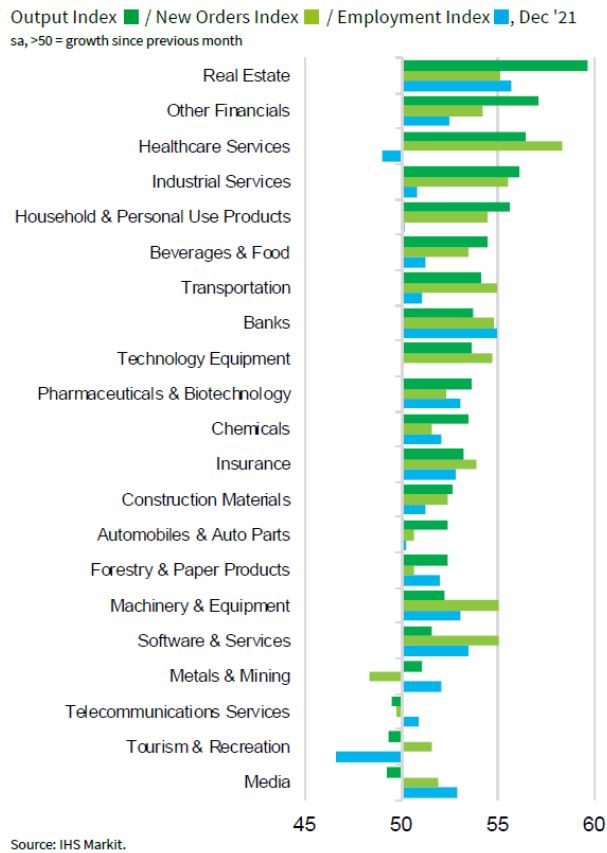
To receive underlying PMI data, please contact: [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com)

## Global Sector PMI

Financials climbed to the top spot in the global sector output ranking in December, followed by Healthcare. Consumer Services was the worst performing sector amid the surge in COVID-19 cases worldwide.



Sub-sector data indicated that the Real Estate sector was the fastest-growing sector for the first time since May 2021 while the Automobiles & Auto Parts sector saw the first output growth since July 2021.



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

## Recent PMI and economic analysis from IHS Markit

Global	<a href="#">Global economic growth hit by Omicron but supply tensions ease</a>	7-Jan	Chris Williamson
	<a href="#">Global manufacturing production growth accelerates at end of 2021 as supply disruptions show signs of easing, price pressure cools</a>	5-Jan	Chris Williamson
	<a href="#">IHS Markit flash PMIs signal slowing economic growth momentum in December, supply constraints broadly ease</a>	16-Dec	Jingyi Pan
	<a href="#">Global economic conditions turn unfavourable for emerging markets</a>	14-Dec	Joseph Hayes
	<a href="#">A Tale of Two Currencies: Turkish lira and Zambian kwacha</a>	13-Dec	Andrew Harker
	<a href="#">Brazil in recession, outlook clouded by interest rate hikes and mounting inflationary pressures</a>	9-Dec	Pollyanna De Lima
	<a href="#">Monthly PMI Bulletin: December 2021</a>	7-Dec	Chris Williamson, Jingyi Pan
	<a href="#">Global manufacturing buoyed by rising Asian output, but supply shortage and price gauges hold close to recent highs</a>	1-Dec	Chris Williamson
	<a href="#">PMI surveys: how not to mis-measure manufacturing output</a>	26-Nov	Chris Williamson
	US	<a href="#">US consumer goods producers report highest capacity constraints</a>	7-Dec
Europe	<a href="#">UK Flash PMI signals economic slowdown as Omicron hits service sector, inflation peak in sight as price pressures cool</a>	16-Dec	Chris Williamson
	<a href="#">Eurozone growth at nine-month low in December as fourth COVID-19 wave hits, price pressures and supply constraints ease</a>	16-Dec	Chris Williamson
	<a href="#">A solid-looking Eurozone PMI headline reading masks disappointing production growth as factories struggle with supply shortages</a>	1-Dec	Chris Williamson
	<a href="#">UK Flash PMI points to sustained robust output and jobs growth in November, but firms' costs again rise at record rate</a>	23-Nov	Chris Williamson
	<a href="#">Faster Eurozone economic upturn marred by record inflationary pressures and COVID-19 worries</a>	23-Nov	Chris Williamson
APAC	<a href="#">Australia economy expands at faster rate as restrictions ease, but price pressures persist as costs surge higher</a>	23-Nov	Jingyi Pan
Commodities	<a href="#">Weekly Pricing Pulse: Natural gas price decline outweighs broader price strength</a>	6-Jan	Thomas McCartin

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



## Release calendar

UTC		Local		Product
23 Jan 22:00	24 Jan 09:00	UTC+11	AEDT	Flash Australia PMI*
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24 Jan 14:45	24 Jan 09:45	UTC-5	EST	Flash US PMI*
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28 Jan 00:30	28 Jan 07:30	UTC+7	ICT	Vietnam Manufacturing PMI
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10 Feb 01:01	10 Feb 01:01	UTC	GMT	Scotland Report on Jobs
14 Feb 00:01	14 Feb 00:01	UTC	GMT	UK Regional PMI

**Notes**

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

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