

# Monthly PMI Bulletin

Global economic growth buoyed by upturn in China, but demand trends suggest a much dimmer outlook

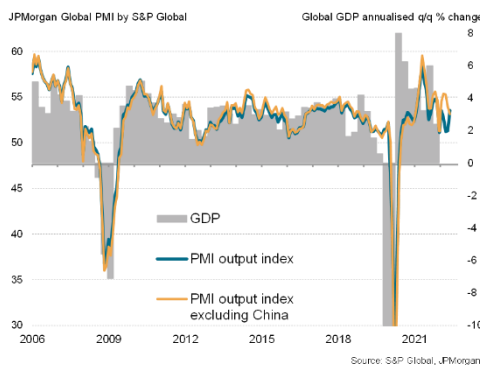
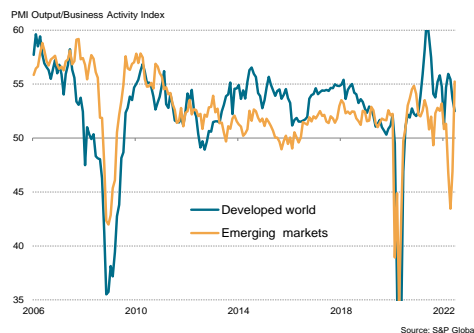
July 2022

## Monthly summary

The rate of global economic expansion accelerated to a four-month high in June, with the rebound mainly reflecting a revival in China, where an easing of COVID lockdowns underpinned a solid return to growth.

The J.P.Morgan Global Composite Output Index\* (compiled by S&P Global) rose from 51.3 in May to 53.5 in June, the highest reading since February 2022. Removing Mainland China from the calculation highlights a very different trend, however, with the respective index slumping to a five-month low.

Trends elsewhere were also mixed in June: other major emerging markets reported further solid or reviving growth, but developed world output growth slowed to the second-weakest since January 2021 led by worsening performances in the US and eurozone. June consequently saw the strongest outperformance of the emerging markets relative to the developed world during growth phases for a decade.



At the global level, services continued to support the upturn in output, though factory production returned to growth for the first time since March, despite broadly stagnant order book volumes.

Additionally, several survey indicators highlighted the ongoing fragility of the global economic upturn. Overall new order growth

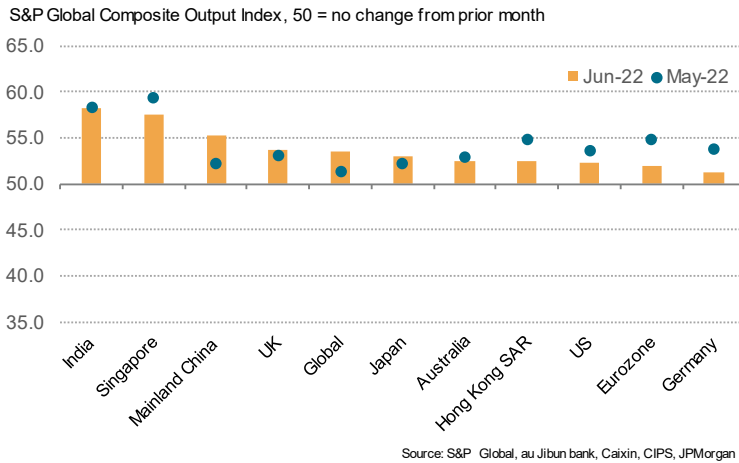
eased to a near two-year low, international trade declined and business confidence slumped to its lowest since September 2020. Firms grew increasingly concerned about tightening financial conditions as policymakers seek to subdue inflation by hiking interest rates to cool demand. Inflationary pressures too remained a key concern in June, with the rates of both cost and charge inflation remaining steeply elevated, albeit easing on the month.

In short, our key takeaways from the June PMI are:

- 1) The rebound in Mainland China supported a further uplift in global economic output during June, but global data excluding mainland China suggests growth beginning to wane.
- 2) Divergences between developed and emerging markets widened considerably, as weaker performances in the US and eurozone weighed on the former. The outperformance of emerging markets relative to the developed world was the strongest for a decade.

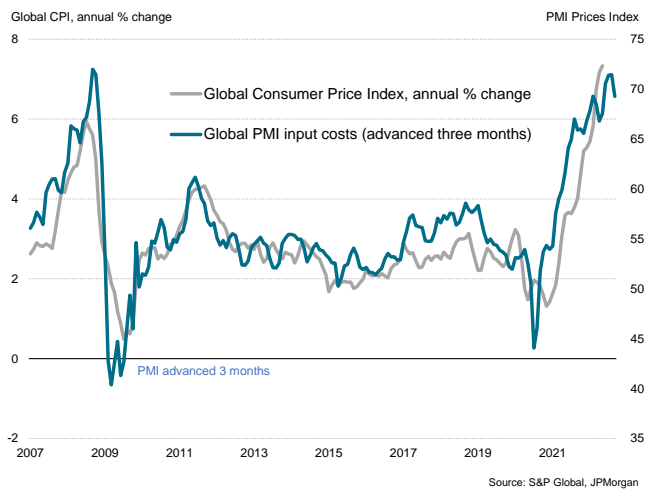
\* Please note that due to a later-than-usual release date, June manufacturing data for Canada were not available for inclusion in the global numbers.

## Regional comparisons

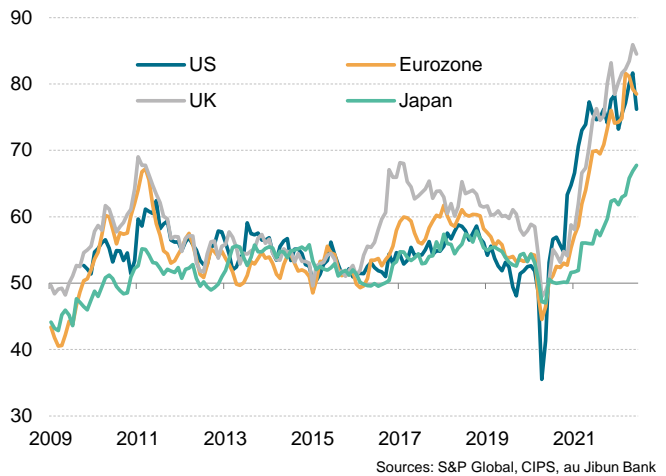


## The Good, the Bad and the Ugly | Key PMI developments

### The Good: Global inflation peak signalled

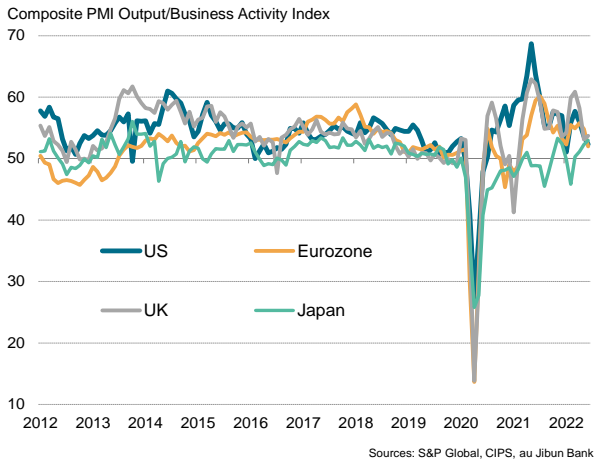


Composite PMI Input Costs Index



- Latest PMI data showed companies' input costs rising at the slowest rate for four months, signalling a cooling of global consumer price inflation in the coming months.
- While input cost inflation has moderated on previous occasions during the pandemic, this time looks different due to a faltering of demand that is not related to COVID-19 containment, a greater-than-previously-seen easing of supply constraints, evidence of less inventory building (and even destocking), as well as a gloomier economic outlook.
- Rates of increase of business costs decelerated in the US, eurozone and the UK, with the latter once again seeing the strongest overall rise. Japan bucked the moderating trend, with costs rising at a rate unprecedented since comparable data were available in 2007, though the rate of increase remained far lower than in the US and Europe.
- A key uncertainty remains the outlook for energy prices, especially in Europe amid the Ukraine war, although even these are now coming under pressure from the worsening economic outlook, providing further evidence to suggest that the annual rate of CPI inflation will start to moderate - potentially substantially - in the second half of 2022.

## The Bad: Developed world growth slows



- Output growth in the developed world slowed in June to the second-weakest since January 2021, with only the Omicron-related hit to output at the start of 2022 seeing a worse performance.
- Especially slow rates of expansion were seen in the US and eurozone, with more robust rates of increase recorded in the UK and Japan thanks to better service sector performances. The latter notably recorded the strongest overall expansion since last November. However, even in the UK and Japan growth rates remained subdued, with manufacturing broadly stagnant in all four major developed markets.

## The Ugly: Worldwide demand growth hits weakest for two years



- Although the rate of the global economic expansion accelerated in June, thanks primarily to the rebound in Mainland China, trends elsewhere remained mixed and demand growth slowed globally to a near two-year low, to hint at a further weakening of global growth in the coming months.
- Measured globally, new orders for manufactured goods rose only fractionally in June, the near-stalling of demand representing the worst performance since the initial COVID-19 downturns of early-2020. New business placed at service providers meanwhile rose globally at the slowest rate since January 2021.
- Although new order growth accelerated in all four of the largest BRIC economies, led by near-record rises in Brazil and India, demand growth faltered in the four largest developed markets. New orders for goods and services fell in the US and stagnated in the eurozone, while growth fell to a modest rate the UK and cooled in Japan.
- Slowdowns in hiring and a further weakening of output growth are also indicated by the PMI survey's gauge of business expectations about the next 12 months which fell in June to the lowest since September 2020.

**Global PMI heatmap**

**Manufacturing**

		Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22
Global	Global												
Americas	Canada												
	US												
	Brazil												
	Colombia												
	Mexico												
Europe	Eurozone												
	Austria												
	Czech Republic												
	Denmark												
	France												
	Germany												
	Greece												
	Ireland												
	Italy												
	Netherlands												
	Poland												
	Spain												
	UK												
Asia Pacific	Australia												
	China (Mainland)												
	India												
	Indonesia												
	Japan												
	Kazakhstan												
	Malaysia												
	Myanmar												
	Philippines												
	Russia												
	South Korea												
	Taiwan												
	Thailand												
	Vietnam												
Middle East	Turkey												

Source: S&P Global in association with relevant sponsors.

**Services**

		Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22
Global	Global												
Americas	US												
	Brazil												
Europe	Eurozone												
	France												
	Germany												
	Ireland												
	Italy												
	Spain												
	UK												
	Asia Pacific	Australia											
China (Mainland)													
India													
Japan													
Kazakhstan													
Russia													

Source: S&P Global in association with 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

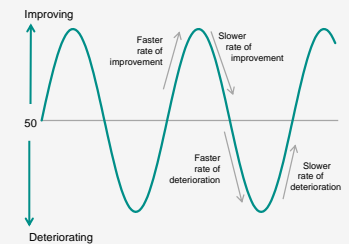
**Services indices**

- Business activity
- New business
- New export orders
- Outstanding business
- Employment
- Input costs
- Prices charged
- Future expectations

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)

**Composite / Whole Economy**

		Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22
Global	Global												
Americas	Brazil												
	US												
Europe	Eurozone												
	France												
	Germany												
	Ireland												
	Italy												
	Spain												
	UK												
Asia Pacific	Australia												
	China (Mainland)												
	Hong Kong SAR												
	India												
	Japan												
	Khazakistan												
	Russia												
	Singapore												
Middle East	Lebanon												
	Qatar												
	Saudi Arabia												
	UAE												
Africa	Ghana												
	Kenya												
	Mozambique												
	Nigeria												
	South Africa												
	Uganda												
	Zambia												

Source: S&P Global in association with relevant sponsors

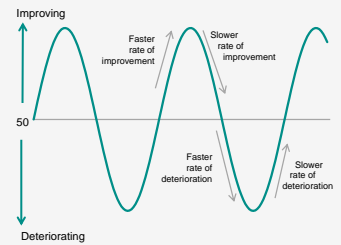
**Composite indices comprise:**

- 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](#).

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Improving at a faster rate	
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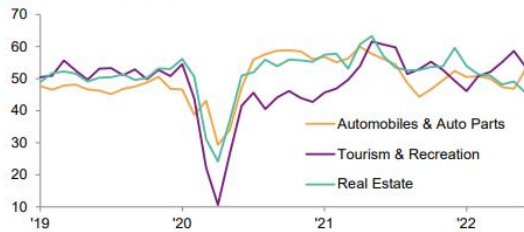


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## Global Sector PMI

Output growth was sustained in the majority of sectors at the end of the second quarter, as a loosening of pandemic lockdowns in Mainland China helped to boost activity, particularly in manufacturing sectors. Chemicals, Metals & Mining, Automobiles & Auto Parts and Machinery & Equipment all saw expansions in production following falls in May. Reflecting some of these improvements, Industrial Services activity rose at the sharpest pace in six months.

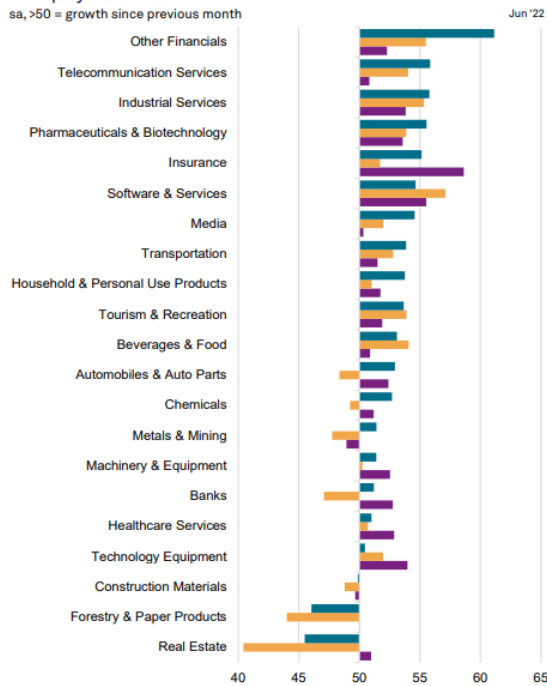
Global Sector PMI Business Activity Index  
sa, >50 = growth since previous month



Source: S&P Global.

There were some signs that the boost to tourism, and services in general, provided by a lack of COVID-19 restrictions globally has started to wane amid strong inflationary pressures in June, however. Elsewhere, Real Estate saw the sharpest decline in activity and new work of the monitored sectors, [choked by rising interest rates](#) as policymakers seek to temper inflationary pressures.

■ Output Index  
■ New Orders Index  
■ Employment Index  
sa, >50 = growth since previous month



Source: S&P Global.

For more global sector PMI details, please visit [here](#) or contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com) to receive underlying PMI data.

## Recent PMI and economic analysis from S&P Global Market Intelligence

Global	<a href="#">Global real estate choked by rising interest rates, leads economic slowdown</a>	7-Jul	Chris Williamson
	<a href="#">Global inflation peak signalled as supply delays ease and demand falters</a>	6-Jul	Chris Williamson
	<a href="#">Global growth inches higher in May as loosened COVID restrictions boost demand for services and downturns ease in China and Russia</a>	7-Jun	Chris Williamson
	<a href="#">Global factory output falls for second month in May amid China lockdowns</a>	2-Jun	Chris Williamson
	<a href="#">Headwinds stifle developed world expansions in May</a>	24-May	Chris Williamson
	<a href="#">Inflation pressures and GDP resilience under scrutiny with May flash PMIs</a>	20-May	Chris Williamson
	<a href="#">Understanding... PMI new export orders index: Tracking worldwide trade flows and changing demand, by country and sector</a>	19-May	Chris Williamson
	<a href="#">Global commodity price and supply indicators signal semiconductor shortage showing signs of peaking</a>	17-May	Jingyi Pan
	<a href="#">Monthly PMI Bulletin: May 2022</a>	9-May	Chris Williamson, Jingyi Pan
<a href="#">Global PMI - special Russia-Ukraine war report</a>	9-May	Chris Williamson, et al.	
Europe	<a href="#">Eurozone PMI signals growth in June but downturn risks rise amid weakening leading indicators</a>	5-Jul	Chris Williamson
	<a href="#">Weak eurozone PMI readings signal second quarter manufacturing downturn</a>	2-Jun	Chris Williamson
	<a href="#">UK economy slows to a crawl in May as inflation pressures hit new high</a>	24-May	Chris Williamson
APAC	<a href="#">Mainland China manufacturing surges back into growth in June, supplier performance improves, prices fall</a>	1-Jul	Chris Williamson
	<a href="#">Business activity revives across manufacturing and services in June, but demand headwinds persist amid ongoing COVID-19 restrictions</a>	5-Jul	Chris Williamson

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

## Release calendar

UTC	Local	UTC	Product	
21 Jul 23:00	22 Jul 09:00	UTC+10	AEST	Flash Australia PMI*
22 Jul 00:30	22 Jul 09:30	UTC+9	JST	Flash Japan PMI*
22 Jul 07:15	22 Jul 09:15	UTC+2	CEST	Flash France PMI*
22 Jul 07:30	22 Jul 09:30	UTC+2	CEST	Flash Germany PMI*
22 Jul 08:00	22 Jul 10:00	UTC+2	CEST	Flash Eurozone PMI*
22 Jul 08:30	22 Jul 09:30	UTC+1	BST	Flash UK PMI*
22 Jul 13:45	22 Jul 09:45	UTC-4	EDT	Flash US PMI*
27 Jul 08:00	27 Jul 10:00	UTC+2	CEST	Austria Manufacturing PMI
31 Jul 23:00	01 Aug 09:00	UTC+10	AEST	Australia Manufacturing PMI
02 Aug 00:01	02 Aug 01:01	UTC+1	IST	Ireland Manufacturing PMI
01 Aug 00:30	01 Aug 09:30	UTC+9	JST	Japan Manufacturing PMI
01 Aug 00:30	01 Aug 08:30	UTC+8	CST	Taiwan Manufacturing PMI
01 Aug 00:30	01 Aug 08:30	UTC+8	PHT	Philippines Manufacturing PMI
01 Aug 00:30	01 Aug 07:00	UTC+6.5	MMT	Myanmar Manufacturing PMI
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04 Aug 08:30	04 Aug 09:30	UTC+1	BST	Global Sector PMI
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Dates are provisional and subject to change \*includes composite manufacturing and services PMI.

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