

Monthly PMI Bulletin

Global economic growth slows to a crawl amid developed world contraction

August 2022

Monthly summary

Global economic growth slowed to a crawl in July, according to the latest PMI survey data, led by the developed world falling into contraction for the first time in two years.

[The J.P.Morgan Global Composite Output Index*](#) (compiled by S&P Global) fell sharply from 53.5 in June to 50.8 in July.

The latest reading signals only marginal growth and is the weakest since the recovery from the initial pandemic lockdowns began two years ago. Barring these lockdown months, the July reading was the joint-second lowest for a decade, the current degree of malaise exceeded only by the near-stagnation seen in February 2016.

At its current level, the PMI is indicative of annualised global GDP growth of just 2%.

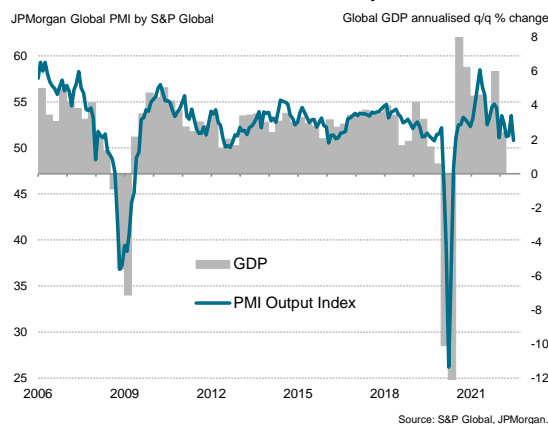
Both the US and eurozone reported renewed falls in output and the pace of expansion slowed in the UK and Japan, yet growth in the major emerging markets generally remained resilient. Worldwide manufacturing output growth stalled and the recent surge in service sector activity lost significant momentum.

Companies blamed tightening financial conditions, heightened uncertainty linked to the Ukraine war, shortages and, most importantly, high inflation for the deteriorating business environment. Optimism about the year ahead likewise fell further in July, prompting a pull-back in global hiring.

Encouragement came from a weakening of global inflationary pressures, with average prices charged for goods and services rising at the slowest rate for ten months thanks in part to lower input cost inflation, though also attributable to the recent slowing of demand growth.

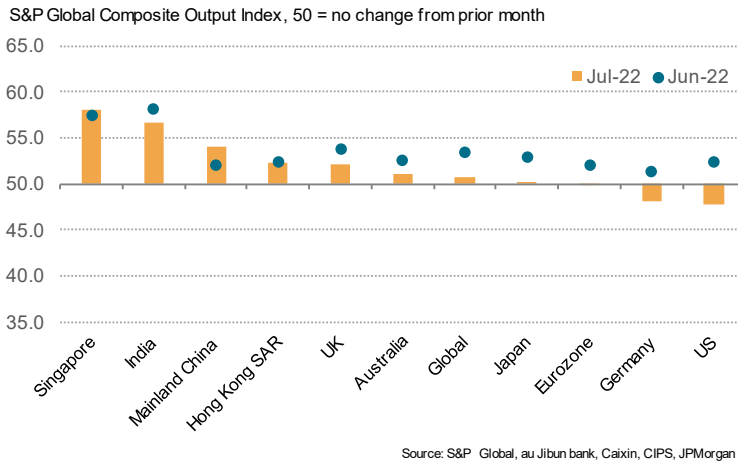
In short, our key takeaways from the July PMI are:

- 1) The developed world was a major drag on global economic performance during July, falling into contraction territory, while major emerging markets were generally resilient.
- 2) Nonetheless, growth of output, new orders and employment all decelerated globally in July, pointing at further recession risks.
- 3) The July PMI surveys brought some welcome news with respect to inflationary pressures, as input cost inflation slowed globally for a second month in a row to reach a five-month low, while average charges rose at the slowest pace for ten months.



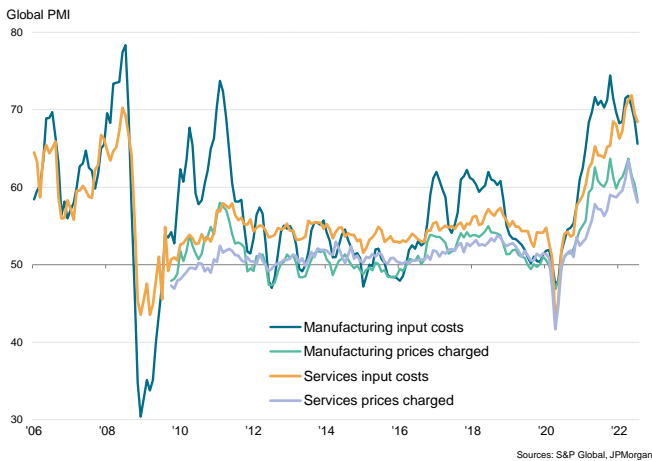
* Please note that due to later-than-usual release dates, July data for Canada manufacturing, Ireland manufacturing and Ireland services were not available for inclusion in the global numbers.

Regional comparisons



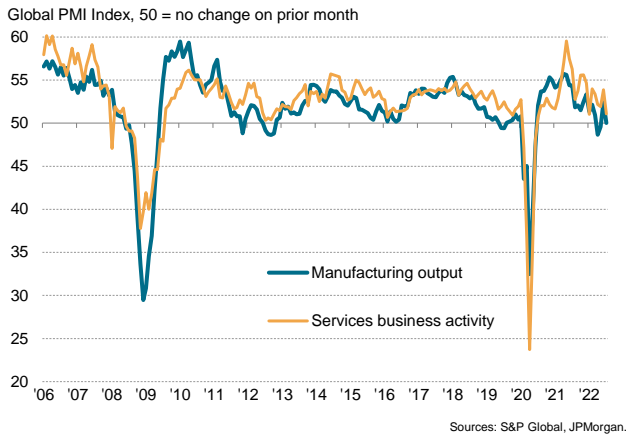
The Good, the Bad and the Ugly | Key PMI developments

The Good: Price pressures continue to ease



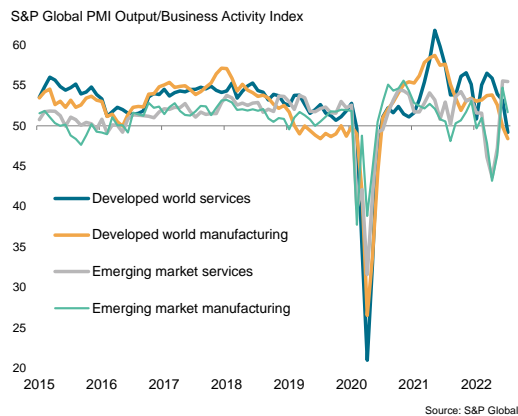
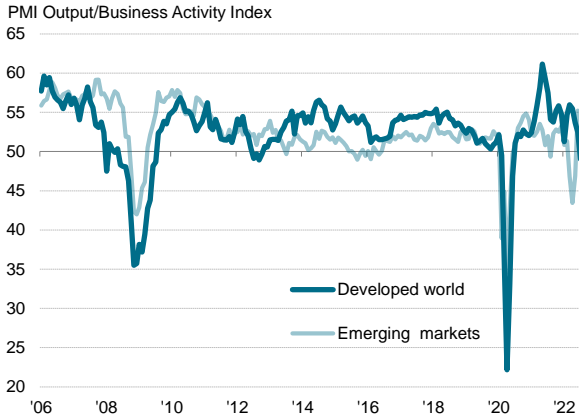
- July PMI surveys brought further welcome news with respect to inflationary pressures.
- Input cost inflation slowed for a second month in a row to reach a five-month low, moderating most noticeably in manufacturing where the reduced rate of increase primarily reflected an easing of global supply chain constraints, linked in turn to weakening demand for raw materials and destocking.
- Service sector input cost inflation is now running ahead of that seen in manufacturing, reflecting the service sector's greater exposure to labour costs, with wage growth rising in July.
- Despite the increase in wage pressures, the overall reduction in input cost growth thanks to lower industrial goods prices and falling energy costs (notably oil) fed through to lower selling price inflation globally for both goods and services. Across both sectors, the increase in selling prices was the slowest for ten months, auguring well for consumer price inflation to peak soon.

The Bad: Weakness spreads from factories to services



- Global economic growth slowed sharply in July, according to PMI survey data compiled by S&P Global and sponsored by JPMorgan. The headline PMI, covering output of both manufacturing and services, fell sharply from 53.5 in June to 50.8 in July. At its current level, the PMI is indicative of annualised global GDP growth of just 2%.
- The [worst performance was seen in manufacturing](#), where a China-led resumption of global growth in June (after two months of decline) faded to register no change in worldwide production volumes. However, service sector growth also deteriorated, dropping to the second-slowest since July 2020, to register only a very modest expansion of activity.

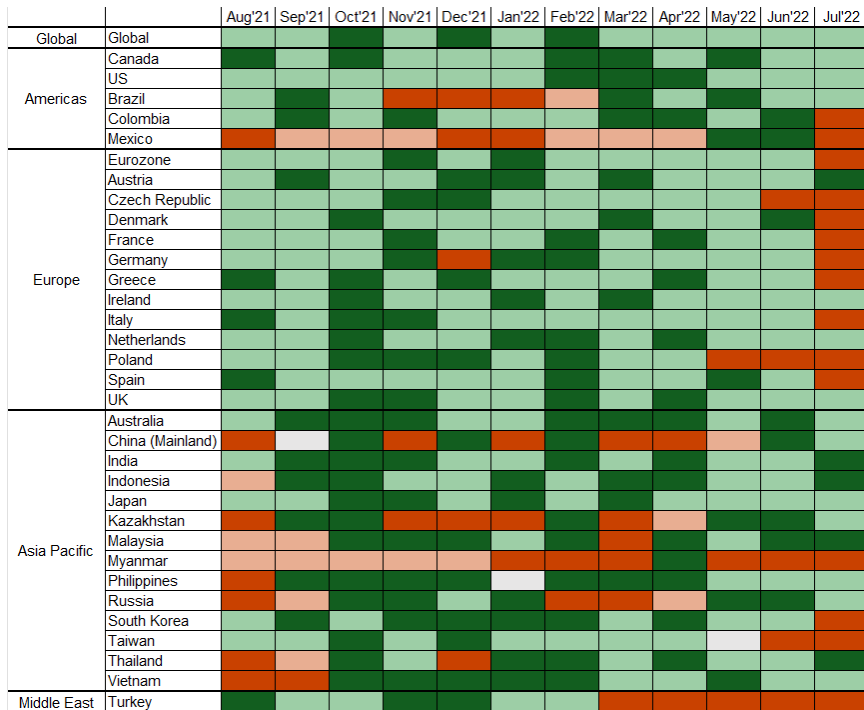
The Ugly: Developed world slips into contraction



- In the major developed world economies, output fell in the US for the first time in two years, and likewise slipped into decline in the eurozone. Excluding pandemic lockdown months, these performances were the worst recorded since 2009 and 2013 respectively, and represent marked turnarounds from the rapid expansions seen earlier in the year following the reopening of economies from COVID-19 containment measures.
- The robust growth seen in Japan during June meanwhile gave way to near-stagnation in July, and growth in the UK sank to a 17-month low.
- Manufacturing output contracted in all four largest developed economies in July, with the US also seeing a contracting service sector and services growth weakening in all other cases.
- The developed world consequently [fell into a slight contraction in July](#), with output falling for the first time in two years and - prior to the pandemic - for the first time since 2012.

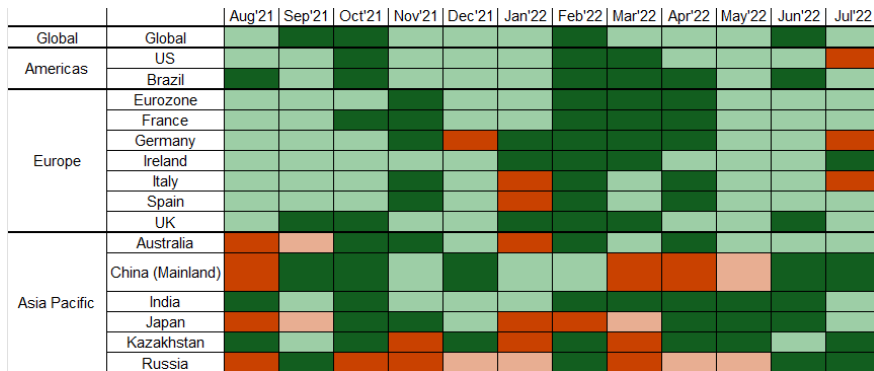
Global PMI heatmap

Manufacturing



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

Services



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

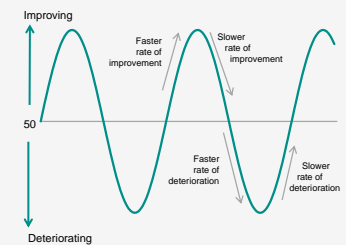
Services indices

- 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	Dark Green
Improving at a slower rate	Light Green
At neutral 50.0 mark	White
Deteriorating at a slower rate	Light Orange
Deteriorating at a faster rate	Dark Orange



To receive underlying PMI data, please contact: economics@ihsmarkit.com

Composite / Whole Economy

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

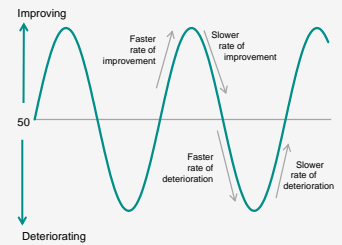
Composite indices comprise:

- 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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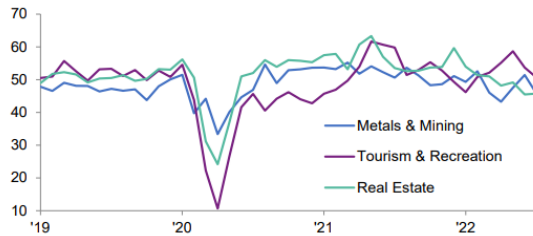
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Global Sector PMI

The latest S&P Global Sector PMI™ data pointed to growing signs of weakness across the global economy at the start of the third quarter. Of the 21 sectors covered, 12 posted an increase in output during July, while nine signalled a decrease. There were widespread declines in the Basic Materials category as commodity prices came under pressure, while rising interest rates continued to hamper demand in the Real Estate sector.

Global Sector PMI Business Activity Index

sa, >50 = growth since previous month



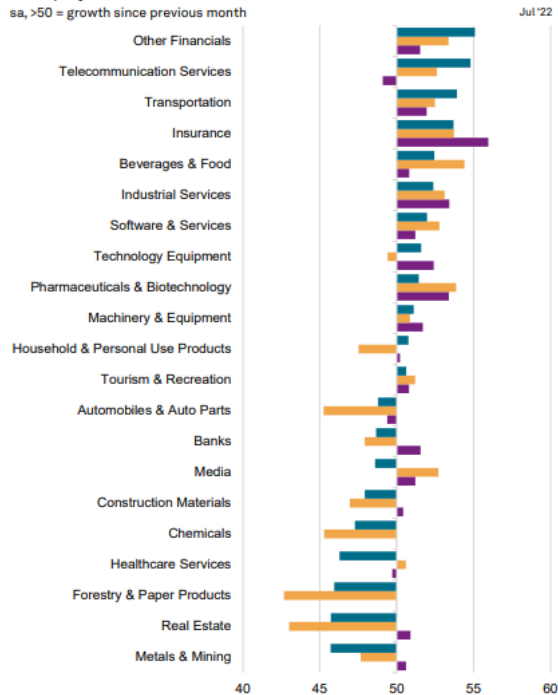
Source: S&P Global.

Within Basic Materials, decreases in production were seen in the Chemicals, Forestry & Paper Products and Metals & Mining sectors. In fact, Metals & Mining posted the joint-fastest reduction in output of all the sectors covered. Meanwhile, the category was the only one to record a drop in input costs during July.

Equalling the decline in Metals & Mining activity was that seen in Real Estate as interest rate rises in a range of countries dampened demand. Activity was down for the fourth month running as new orders fell sharply. Banks also posted a reduction in activity during the month.

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 to receive underlying PMI data.

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

Global	Global growth at two-year low in July as developed world slips into contraction, but price pressures ease	3-Aug	Chris Williamson
	Global manufacturing price inflation cools to one-and-a-half-year low	2-Aug	Chris Williamson
	Global manufacturing PMI hits two-year low in July as production falls in the developed world	2-Aug	Chris Williamson
	Global real estate choked by rising interest rates, leads economic slowdown	7-Jul	Chris Williamson
	Global inflation peak signalled as supply delays ease and demand falters	6-Jul	Chris Williamson
	Global growth inches higher in May as loosened COVID restrictions boost demand for services and downturns ease in China and Russia	7-Jun	Chris Williamson
	Global factory output falls for second month in May amid China lockdowns	2-Jun	Chris Williamson
	Headwinds stifle developed world expansions in May	24-May	Chris Williamson
	Inflation pressures and GDP resilience under scrutiny with May flash PMIs	20-May	Chris Williamson
	Understanding... PMI new export orders index: Tracking worldwide trade flows and changing demand, by country and sector	19-May	Chris Williamson
Europe	Eurozone falls into contraction in July, price pressures ease	25-Jul	Chris Williamson
	Eurozone PMI signals growth in June but downturn risks rise amid weakening leading indicators	5-Jul	Chris Williamson
	Weak eurozone PMI readings signal second quarter manufacturing downturn	2-Jun	Chris Williamson
APAC	APAC electronics industry expansion moderates amidst pricing pressures	28-Jul	Rajiv Biswas
	Mainland China manufacturing surges back into growth in June, supplier performance improves, prices fall	1-Jul	Chris Williamson

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*
29 Aug 08:00	29 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	CST Taiwan Manufacturing PMI
01 Sep 00:30	01 Sep 08:30 UTC+8	PHT Philippines Manufacturing PMI
01 Sep 00:30	01 Sep 07:00 UTC+6.5	MMT Myanmar Manufacturing PMI
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01 Sep 00:30	01 Sep 09:30 UTC+9	KST South Korea Manufacturing PMI
01 Sep 00:30	01 Sep 07:30 UTC+7	WIB Indonesia Manufacturing PMI
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01 Sep 05:00	01 Sep 10:30 UTC+5.5	IST India Manufacturing PMI
01 Sep 06:00	01 Sep 12:00 UTC+6	ALMT Kazakhstan Manufacturing PMI
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01 Sep 15:00	01 Sep 11:00 UTC-4	EDT Global Manufacturing PMI
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08 Sep 00:01	08 Sep 01:01	UTC+1	BST	Scotland Report on Jobs
08 Sep 08:00	08 Sep 09:00	UTC+1	BST	Global Aluminium Users PMI
08 Sep 08:00	08 Sep 09:00	UTC+1	BST	Global Copper Users PMI
08 Sep 08:00	08 Sep 09:00	UTC+1	BST	Global Steel Users PMI
08 Sep 08:30	08 Sep 09:30	UTC+1	BST	Global Electronics PMI
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11 Sep 23:01	12 Sep 00:01	UTC+1	BST	UK Regional PMI
12 Sep 00:01	12 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.

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