

Monthly PMI Bulletin

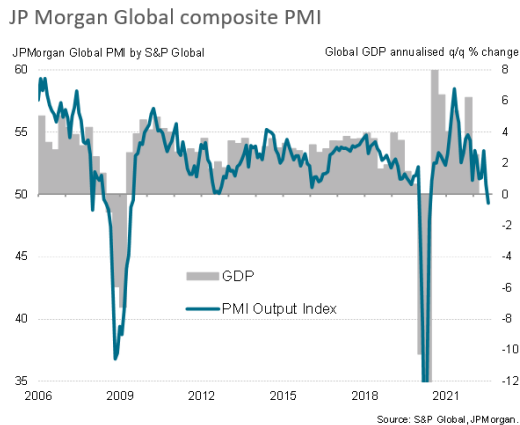
Global economy slips into contraction for first time since June 2020, reflecting increasingly broad-based downturn

September 2022

Monthly summary

August saw global economic activity contract for the first time since June 2020, as new order inflows declined, international trade volumes fell and signs of excess capacity grew. There was better news on the price front, however, with rates of input cost and output charge inflation both easing.

The [J.P.Morgan Global Composite Output Index](#) – produced by S&P Global – fell to 49.3 in August, from 50.8 in July. If lockdown months are excluded, the latest reading was the lowest since June 2009, during the global financial crisis. Output contracted in both the manufacturing and service sectors, the first time both categories have been in concurrent downturns since June 2020.



Although only modest, the downturn reflects an increasingly broad-based deterioration of output and demand conditions both by sector and region. Companies are also taking a more cautious approach to cost control and employment in the face of the worsening economic climate.

Nonetheless, August marked the first time since early 2020 that all four largest developed economies reported falling output. While the eurozone, UK and Japan all slipped into minor downturns, a steeper contraction was recorded in the US. All four reported lower manufacturing output levels, accompanied by either falling or largely stalled service sectors.

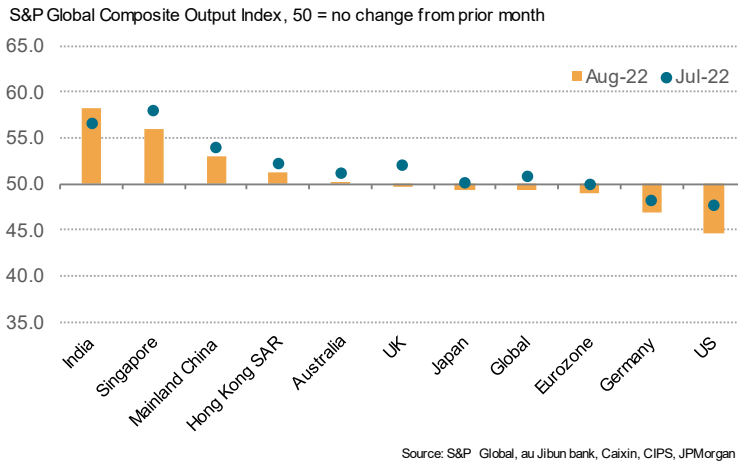
Growth trends meanwhile varied among the major emerging markets. While India reported strong and accelerating growth, enjoying one of its fastest expansions seen over the past decade, more moderate gains were seen in Brazil and mainland China, as in both cases robust service sector gains were offset by near-stalled manufacturing economies. In Russia, business activity barely expanded due principally to the impact of sanctions.

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

- 1) Global economic activity fell in August amid a weakening of the demand environment.
- 2) The downturn is becoming increasingly broad-based across sectors and regions, though remained centred on developed economies.
- 3) Positive news again came with respect to inflation, as costs increased at the slowest pace for almost one-and-a-half years, while the rise in selling prices was the weakest since April 2021.

* Please note that due to later-than-usual release dates, August data for Vietnam manufacturing were not available for inclusion in the global numbers.

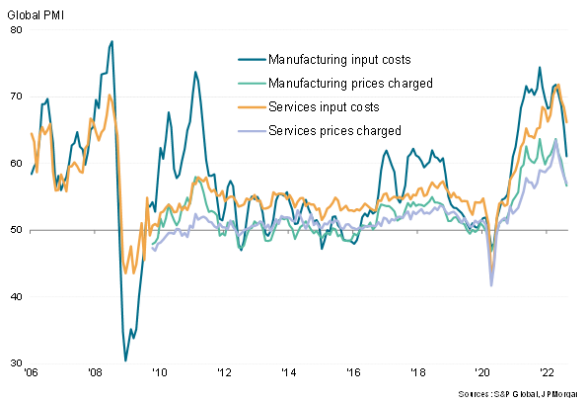
Regional comparisons



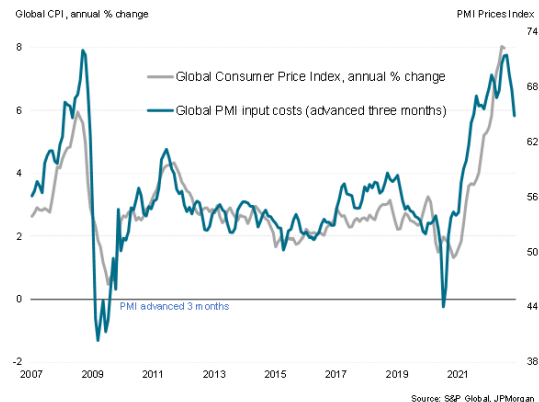
The Good, the Bad and the Ugly | Key PMI developments

The Good: Price pressures continue to ease

Global cost and price pressures



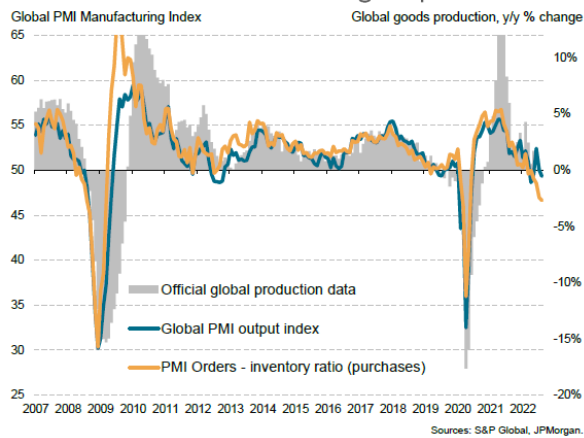
Global consumer inflation and PMI prices



- Developments with respect to inflationary pressures remained the only positive takeaway from the August PMI numbers.
- Whereas 2021 was characterized by demand running ahead of supply, with the latter constrained by pandemic-related raw material and labour shortages, 2022 is seeing a reversal of this imbalance: demand is now falling and supply conditions improving. Hence price pressures are abating, both for goods and services.
- Global input cost inflation has in fact now eased for three successive months to run at the lowest since March 2021, albeit remaining elevated by historical standards.
- Lower input cost growth is also feeding through to lower inflation rates for goods and services selling prices. Measured globally, average prices charged for services rose at the slowest rate for a year in August, while goods prices rose at the slowest rate for a year-and-a-half.
- The August PMI surveys therefore suggest that global consumer price inflation should start to moderate in the months ahead, as lower cost pressures feed through to lower wholesale prices and eventually filter through to the consumer.

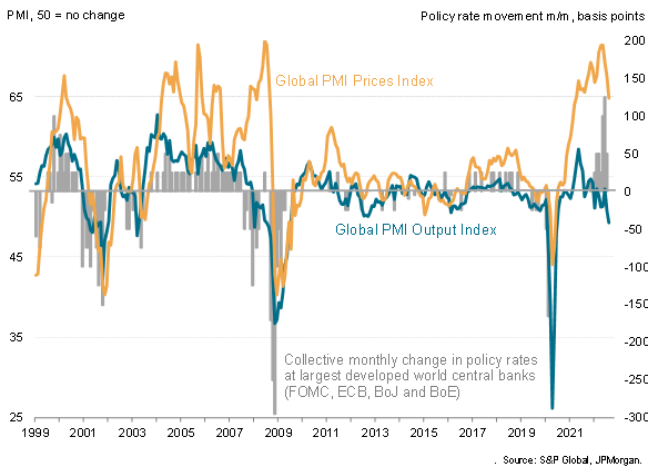
The Bad: Manufacturing downturn accelerates

Chart 2: Global manufacturing output



- The JPMorgan Global Manufacturing *Purchasing Managers' Index*[™] (*PMI*[™]), compiled by S&P Global, fell from 51.1 in July to 50.3 in August, its lowest since June 2020.
- Output only rose in ten of the 30 economies for which data are available, and in five of those - including mainland China - the gains were only marginal. Production losses were meanwhile recorded in the United States, eurozone, UK and Japan.
- The survey's sub-indices point to the production trend deteriorating in the coming months. Most notably, new orders continued to fall at an increased rate in August, and inventory levels continued to rise amid weaker than anticipated sales.
- There was encouraging news on the inflation front, however, as weakening demand and improving supply led to a marked cooling of price pressures in the factory sector, with pricing power shifting from sellers to buyers.

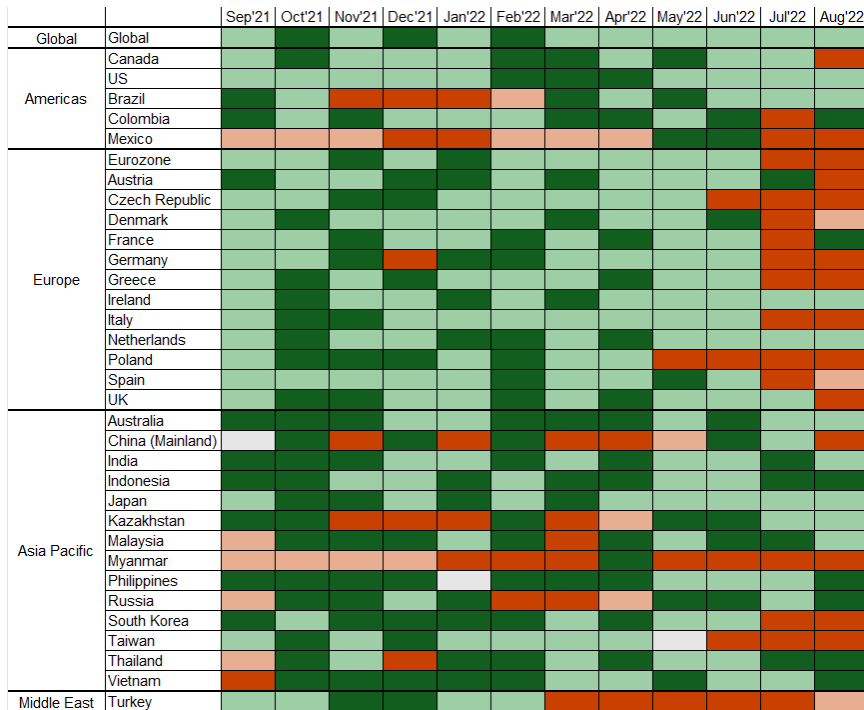
The Ugly: Hiking into a downturn



- The cooling of price pressures has followed the most aggressive monetary policy tightening seen across the world in modern history, with policymakers at the FOMC, ECB and Bank of England in particular ready to implement further rate hikes in the coming months to further tame inflation expectations, even at a cost of lower output.
- In this respect, the survey data clearly highlight the extent to which the global economy is starting to strain under the destruction of demand caused by high prices and tightening financial conditions, depicting an unprecedented scenario in recent history of central banks hiking interest rates aggressively in an environment of growing recession risk.

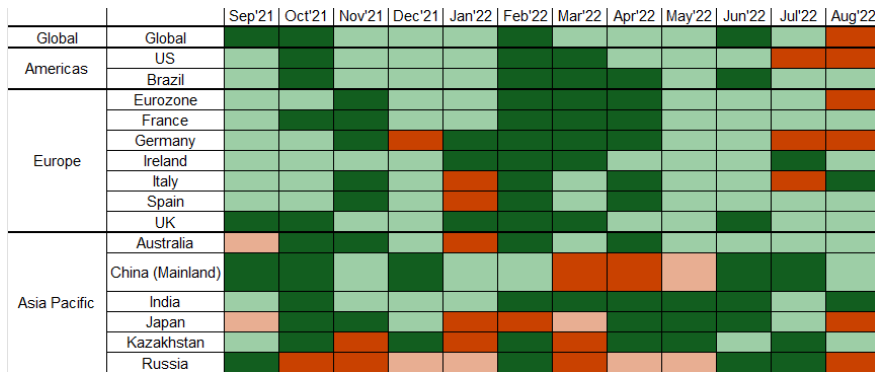
Global PMI heatmap

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

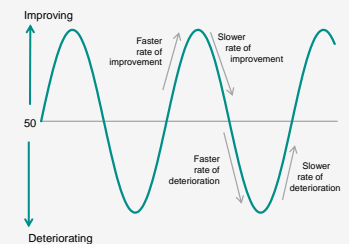
Services indices

- 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	
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

Composite / Whole Economy

		Sep'21	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'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

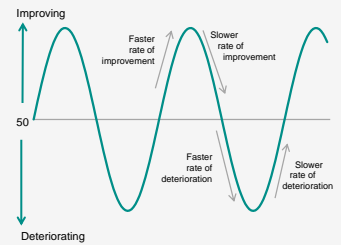
Composite indices comprise:

- 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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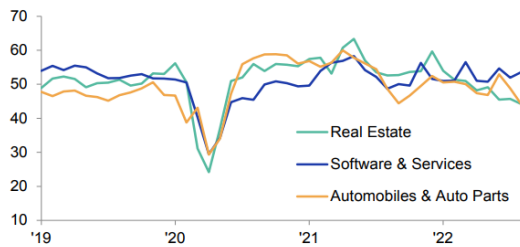


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Global Sector PMI

Latest S&P Global Sector PMI™ data pointed to a broadening downturn in output in August. Out of 21 monitored sectors, 13 registered lower activity compared with July, the highest total since June 2020.

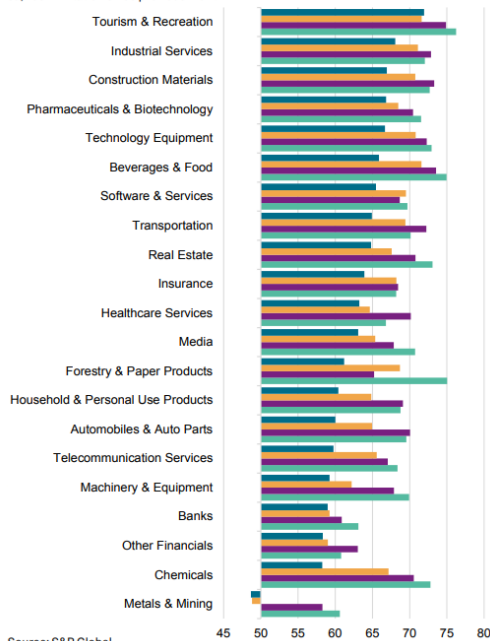
Global Sector PMI Business Activity Index
sa, >50 = growth since previous month



Source: S&P Global.

- The sharpest declines in output in August were registered in the Automobiles & Auto Parts and Real Estate sectors, with the former footing the rankings for the first time since October 2021 with the steepest drop in production since May 2020. Real Estate was the worst-performing global services sector, driven by trends in Europe and the US. Forestry & Paper Products registered the third-strongest decline in output of all sectors, and the steepest drop in new orders.
- Software & Services was the fastest-growing global sector in August, the first time it had topped the rankings since April 2018. It was the only sector to achieve stronger growth than in July. Close behind was Telecommunication Services, which remained in second place for the third straight month despite a further easing in the rate of expansion. Completing the top three was Other Financials, where activity rose at the slowest rate for 13 months.

Input Prices Index
■ Aug ■ Jul ■ Jun ■ May
sa, >50 = inflation since previous month



Source: S&P Global.

- There was, however, further evidence of easing cost inflationary pressures, with almost all sectors seeing lower rates of input price inflation.

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 economy slides into contraction, price pressures ease to 1½ year low	6-Sep	Chris Williamson
	Global manufacturing PMI at 26-month low with downturn set to deepen	1-Sep	Chris Williamson
	Falling demand and semiconductor shortages hit struggling tech and autos firms	15-Aug	Joe Hayes
	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
Europe	UK economy slides into contraction in August, prospects darken	5-Sep	Chris Williamson
	Eurozone manufacturing downturn set to gather pace as inventories accumulate at record pace	1-Sep	Chris Williamson
	Eurozone falls into contraction in July, price pressures ease	25-Jul	Chris Williamson
US	US manufacturing reports steepening output loss, but supply chain delays and price pressures ease	1-Sep	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	UTC	Product
13 Sep 14:00	13 Sep 10:00	UTC-4 EDT	US Investment Manager Index
22 Sep 23:00	23 Sep 09:00	UTC+10 AEST	Flash Australia PMI*
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23 Sep 07:30	23 Sep 09:30	UTC+2 CEST	Flash Germany PMI*
23 Sep 08:00	23 Sep 10:00	UTC+2 CEST	Flash Eurozone PMI*
23 Sep 08:30	23 Sep 09:30	UTC+1 BST	Flash UK PMI*
23 Sep 13:45	23 Sep 09:45	UTC-4 EDT	Flash US PMI*
26 Sep 00:30	26 Sep 09:30	UTC+9 JST	Flash Japan PMI*
28 Sep 08:00	28 Sep 10:00	UTC+2 CEST	Austria Manufacturing PMI
30 Sep 01:45	30 Sep 09:45	UTC+8 CST	China General Manufacturing PMI
02 Oct 22:00	03 Oct 08:00	UTC+10 AEST	Australia Manufacturing PMI
03 Oct 00:01	03 Oct 01:01	UTC+1 IST	Ireland Manufacturing PMI
03 Oct 00:30	03 Oct 09:30	UTC+9 JST	Japan Manufacturing PMI
03 Oct 00:30	03 Oct 08:30	UTC+8 CST	Taiwan Manufacturing PMI
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Notes

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

Last updated: 6 September 2022.

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