

Monthly PMI Bulletin

Global economic activity declines for second successive month in September

October 2022

Monthly summary

September saw the level of global economic activity contract for the second successive month, as output fell more quickly at manufacturers but stabilised at service providers. However, the rate of overall decline eased slightly since August, reflecting a marked easing in the downturn in the US and return to growth in Japan.

The [J.P.Morgan Global Composite Output Index](#) – produced by S&P Global – posted 49.7 in September, up from August's 26-month low of 49.3.

National PMI data highlighted downturns in the US, the euro area (with only France among the big-four EA economies to see expansion) and the UK. Output rose in Japan, Brazil, Russia and Australia.

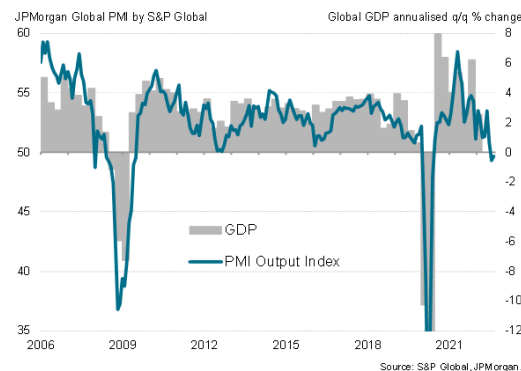
The level of incoming new business was unchanged during September, as a further decrease in manufacturing was offset by a modest increase at service providers. The trend in new export orders remained a drag on overall new work intakes, declining at the steepest pace since June 2020. Decreases were seen in both the manufacturing and service sectors, with the sharper downturn in the former. The US, the euro area, Japan, the UK and Brazil were among the larger economies to see new export business fall.

Cost pressures globally remain elevated, though trends vary by region. While cost inflation showed further signs of moderating in the US and many emerging markets, helping support demand in some cases, inflationary pressures intensified in Europe due to the energy crisis. These varying inflation pressures played a part not only in driving disparities in current demand conditions, but also greatly affected future output expectations, which have deteriorated markedly in Europe.

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

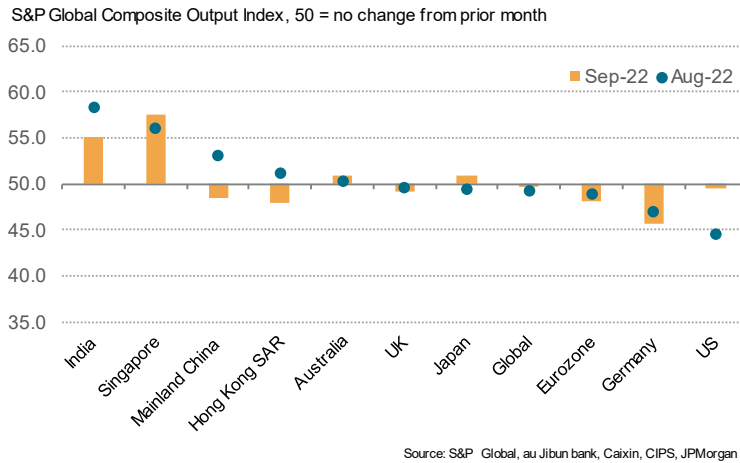
- 1) Global economic activity contracted again in September. The focus now shifts to whether any further cooling of cost pressures can help stimulate growth and offset the adverse impact of rising interest rates.
- 2) Manufacturing is being hit by rising prices, weakened demand and slumping trade, as well as a shift towards inventory reduction. In the service sector, consumer focused firms are likewise suffering falling demand due to the cost-of-living crisis.
- 3) There were ongoing signs of diverging trends, with the weakest performances seen in Europe, though emerging market growth was notably subdued.

JP Morgan Global composite PMI



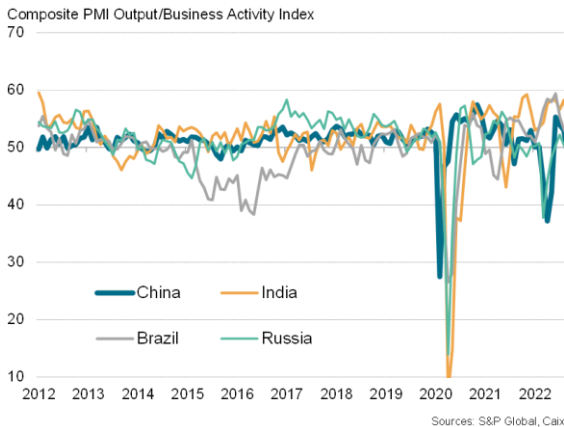
* Please note that due to later-than-usual release dates, September data for South Korea manufacturing, China services and India services were not available for inclusion in the global numbers.

Regional comparisons



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

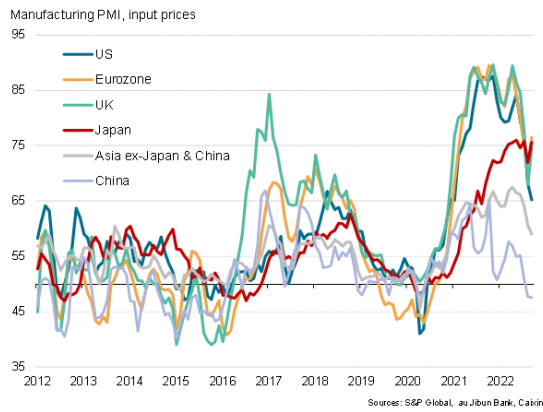
The Good: Still bright(er) spots amongst economies



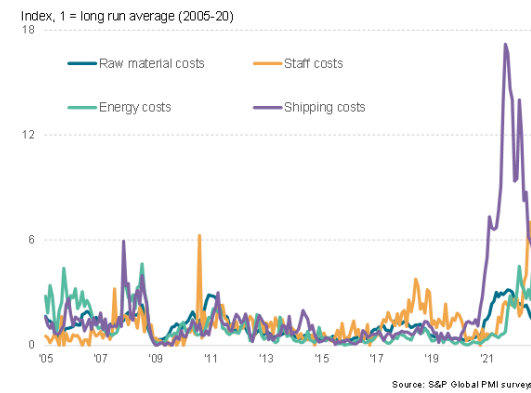
- The weakest economic growth trends were seen in Europe, which not-coincidentally also saw the steepest inflationary pressures. Conversely, bright spots were found in other regions, including some emerging economies, albeit with the overall EM performance subdued as business activity fell back into decline in mainland China.
- India again reported the strongest expansion of the BRIC economies, albeit with the rate of increase softening to a six-month low as growth slowed in both manufacturing and services.
- Brazil also recorded a sustained expansion, through here too growth weakened in as political uncertainty exacerbated existing economic headwinds.
- Bucking the deteriorating trend among the BRICs was Russia, where output growth picked up after the near-stalling seen in August. Russia's expansion nonetheless remained very subdued by historical standards due in part to the impact of sanctions and an associated further steep fall in exports.
- Elsewhere, some MENA economies, [such as the UAE](#), remained on a more solid footing in September, and appear to be immune to some of the drags facing the global economy. In fact, Dubai and the UAE as a whole registered the strongest rates of output growth across the economies covered by composite or whole economy PMI surveys in September.

The Bad: Cost pressures resurge in manufacturing

Manufacturing input cost inflation in key economies



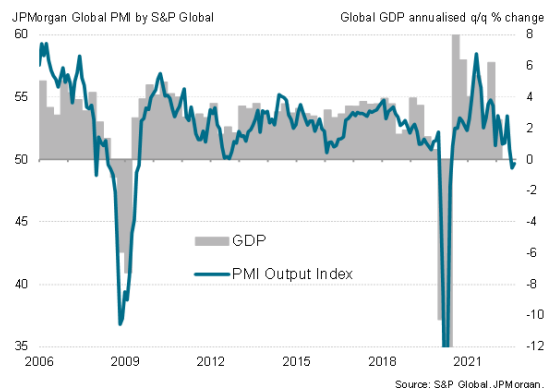
Reasons cited worldwide for higher factory input costs



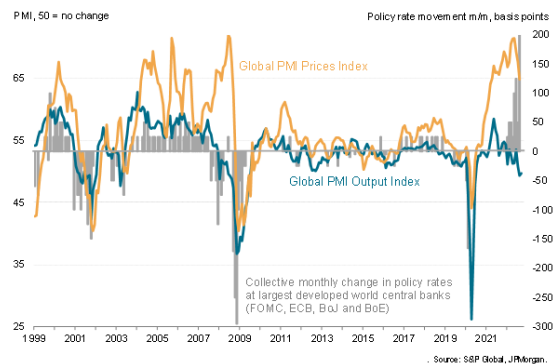
- The global manufacturing PMI survey found average input costs rising at an increased rate for the first time in five months in September.
- Albeit only modest, the acceleration in price growth contrasted with slower rates of inflation in the prior four months and leaves the index signalling persistent inflationary pressures at an elevated level. While down sharply compared to the peaks seen earlier in the year, the latest reading was among the highest seen since early 2011.
- The renewed upswing in price pressures is being driven by higher energy prices and currency fluctuations, and as such was principally focused on Europe and Japan.
- A deeper dive into the reasons provided by manufacturers worldwide for their costs to have risen also suggested supply chain price pressures have moderated, as have wage pressures. But energy-fuelled cost increases have risen to a survey high.

The Ugly: Global economy registers back-to-back contraction

JP Morgan Global composite PMI



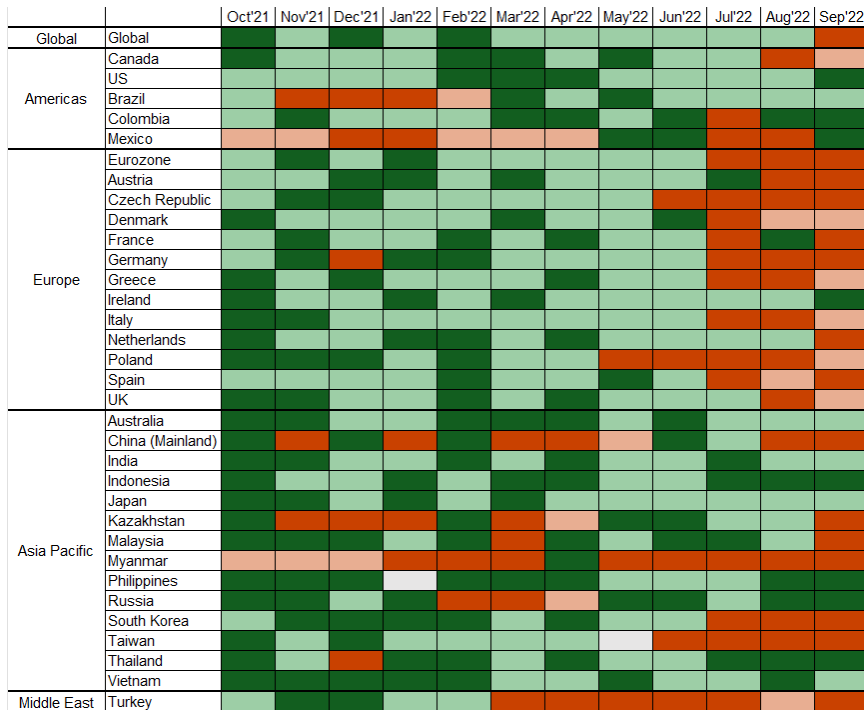
Global output, prices and policy rates



- The September worldwide PMI survey data therefore highlight how recent aggressive policy tightening measures taken by central banks, appear to have contributed to a cooling of price pressures. However, this action has come at the expense of falling output for two successive months.
- The focus will now shift to the extent to which inflation and destocking might serve to further damage global demand, especially with higher borrowing costs (notably in the form of homeowner mortgages) adding to cost-of-living pressures.
- Supply chain developments will also be eyed for their changing impact on inflation, after recent improvements helped drive a shift towards buyers' markets in some cases.
- The central banks' reactions to signs of underlying inflation pressures cooling and economies being at increased risk of recession will also be fundamental to future prospects.

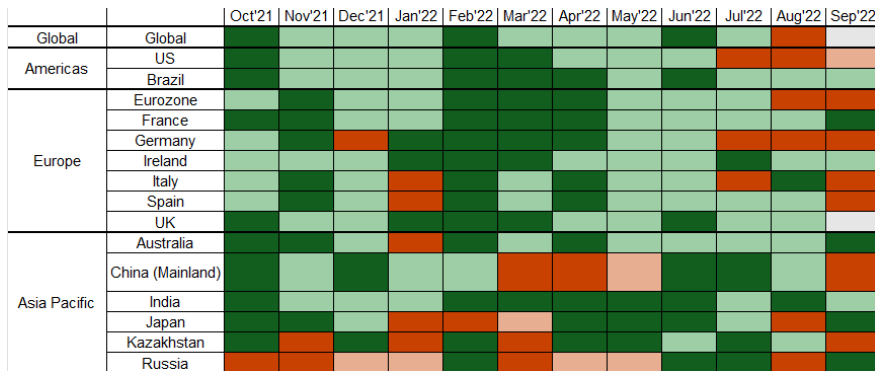
Global PMI heatmap

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

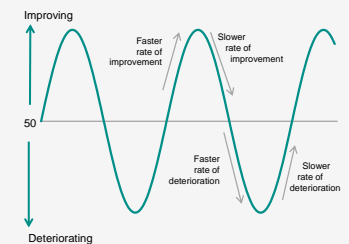
Services indices

- 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

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

Source: S&P Global in association with relevant sponsors

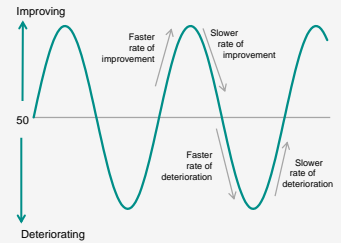
Composite indices comprise:

- 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](#).

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

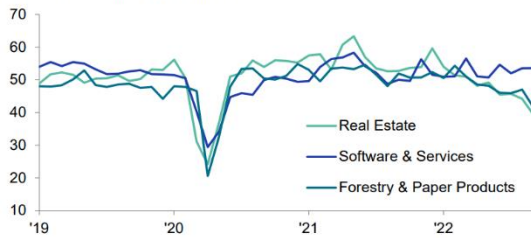


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Global Sector PMI

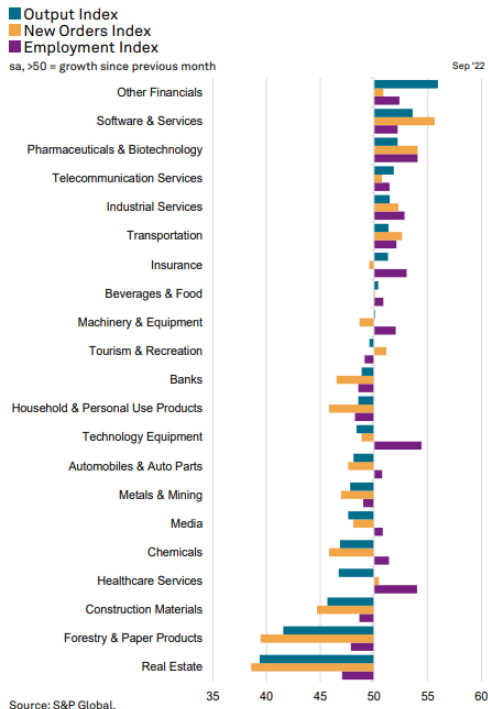
Latest S&P Global Sector PMI™ data signalled difficulties across a range of sectors in September, with a majority continuing to post reductions in activity at the end of the third quarter. Real Estate led the decline, while growth often emanated from the Technology and Telecommunication Services categories.

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



Source: S&P Global.

- The Real Estate sector remained under pressure amid deteriorating financial conditions. In fact, September saw rates of decline in activity and new business accelerate further. Except for the initial outbreak of the COVID-19 pandemic, the reductions were the most pronounced since the series began in late-2009.
- September data pointed to a renewed fall in Tourism & Recreation activity, the first in eight months, as cost of living pressures have choked off the post-pandemic recovery. Input costs in the sector increased at the sharpest pace of all those covered at the end of the third quarter.
- Weakness was also found in manufacturing sectors, with Basic Materials seeing production fall particularly sharply. Within the category, Forestry & Paper Products saw output decrease at the fastest pace since May 2020, with firms scaling back employment accordingly. Meanwhile, stocks of finished goods increased at the fastest pace in almost four years



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 economy contracts for second month running amid tightening financial conditions	10-Oct	Chris Williamson
	Worldwide industrial price pressures rise as higher energy costs and strong dollar offset impact of cooling supply chains	4-Oct	Chris Williamson
	Global manufacturing PMI falls into contraction territory for first time since 2020 lockdowns	4-Oct	Chris Williamson
	Using SP Global PMI survey data as an indicator corporate earnings	16-Sep	Chris Williamson
	New PMI Comment Tracker dataset reveals key insights into the global supply chain	9-Sep	David Owen
	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
EMEA	UAE non-oil sector maintains robust growth despite faltering global economy	5-Oct	David Owen
	Eurozone downturn deepens in September as price pressures intensify	23-Sep	Chris Williamson
	UK recession risks rise as flash PMI surveys signal deepening downturn in September	23-Sep	Chris Williamson
US	US downturn eases in September amid cooling price pressures and fewer supply delays	26-Sep	Chris Williamson
APAC	ASEAN Foreign Direct Investment Inflows Reach Record High	06-Oct	Rajiv Biswas
	Singapore Manufacturing Sector Moderates as Global Headwinds Bite	2-Oct	Rajiv Biswas

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

Release calendar

UTC	Local	UTC	Product
11 Oct 14:00	11 Oct 10:00	UTC-4 EDT	US Investment Manager Index
23 Oct 22:00	24 Oct 09:00	UTC+11 AEDT	Flash Australia PMI*
24 Oct 00:30	24 Oct 09:30	UTC+9 JST	Flash Japan PMI*
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10 Nov 01:01	10 Nov 01:01	UTC	GMT	UK & English Regions Report on Jobs

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

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