

# Week Ahead Economic Preview

## Worldwide PMIs, US payrolls to ring in the new year

23 December 2022

The final week of 2022 brings about a series of data releases before the new year ushers in **worldwide manufacturing and services PMI data** for the month of December. The **US jobs report** due the first Friday will also be closely watched for insights into labour market conditions with the Fed closely monitoring wage inflation. A series of **CPI data** due across the **eurozone to parts of Asia** will also reveal more about inflation at the end of 2022.

Inflation will remain one to watch in the months ahead, to see if there are further signs of easing price pressures. That appears to be the direction of early PMI indicators and recent official data as 2022 draws to a close, albeit being at the very early stages of easing inflationary pressures. Consequently, we have seen central bankers progressively shift away from more aggressive monetary policy tightening which led risk assets, such as equities, to find footing in recent months.

That said, the tightening of monetary conditions is expected to persist into the new year for major central banks including the US Federal Reserve that had piled on the hawkish tone in December. Whether the market's conviction that the worst seems to be over holds true or much more needs to be done to hold down prices remains up for debate. As far as data have indicated, the trend is on the decline for inflationary pressures and we will have worldwide PMI data to reveal more upstream on the global supply chain situation in the first week of 2023. Moreover, detailed output performance will also be of interest as the baton gets passed from concerns of inflation to jitters over risks of recession.

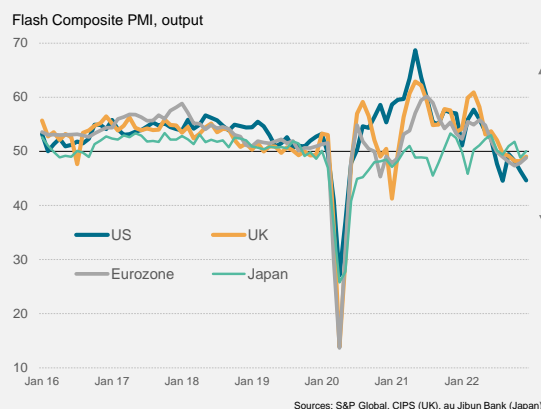
Official data including the US jobs report for December are also lined up to ring in the new year. Amid the growing attention on wages, the employment conditions will be scrutinised though [flash PMI indications have so far given early indications of slowing jobs growth as demand slumped](#).

Finally, the series of CPI figures from the eurozone, Germany and a number of Asian economies will provide insights into the extent to which inflation may have eased in the final month of 2022. Conditions in Asia will be of significant interest especially after China loosened restrictions over the month.

### Year-end snapshot

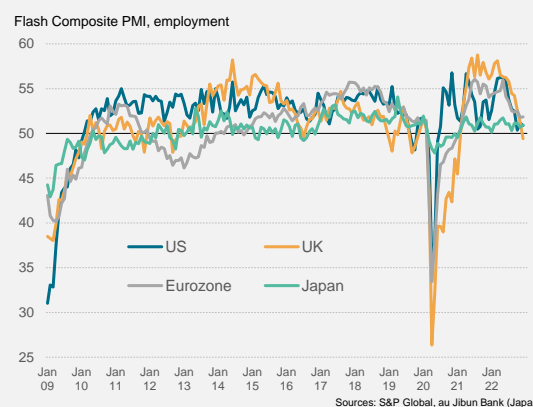
Flash PMIs reflected worsening developed market economic growth in December with the downturn especially sharp in the US while other 'G4' economies showed tentative signs of moderation in decline. Final numbers from the G4 economies and more widely across the globe will therefore be eagerly anticipated at the start of 2023 for the earliest snapshot of conditions at the end of 2022.

### G4 developed market PMI output



Alongside the slowdown in inflation had been easing jobs growth in the US. The official jobs report will therefore be watched for confirmation of the trend in the first week of the year particularly given its growing importance in guiding monetary policy in the US.

### G4 employment



## Key diary events

### Monday 26 December

*US, UK, Germany, Switzerland, Norway, Canada, Australia, New Zealand, China, Hong Kong, Malaysia, Singapore*  
Market Holiday  
Japan Service PPI (Nov)

### Tuesday 27 December

*UK, Canada, Australia, New Zealand, China, Hong Kong*  
Market Holiday  
Japan Unemployment Rate (Nov)  
Japan Retail Sales (Nov)  
Japan Housing Starts (Nov)  
Norway Retail Sales (Nov)  
United States S&P Global/Case Shiller Home Price (Oct)

### Wednesday 28 December

Japan Industrial Output (Nov, prelim)  
United States Pending Sales Change (Nov)

### Thursday 29 December

South Korea Industrial Output (Nov)  
South Korea Retail Sales (Nov)  
Eurozone M3 (Nov)  
United States Initial Jobless Claims

### Friday 30 December

*US, UK (Partial), New Zealand (Partial), South Korea, Philippines* Market Holiday  
South Korea CPI Growth (Dec)  
Thailand Current Account (Nov)  
Switzerland Official Reserves Assets (Nov)  
United Kingdom Nationwide House Price (Dec)  
Hong Kong Retail Sale (Nov)

### Saturday 31 December

China (Mainland) NBS Manufacturing PMI (Dec)

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### Monday 2 January

*US, UK, Switzerland, Canada, Australia, New Zealand, Japan, China, Hong Kong, Taiwan, Thailand, Malaysia, Singapore* Market Holiday  
South Korea S&P Global Manufacturing PMI\* (Dec)  
Indonesia S&P Global PMI\* (Dec)  
Indonesia Inflation (Dec)  
India S&P Global Manufacturing PMI\* (Dec)  
Germany S&P Global/BME Manufacturing PMI\* (Dec)  
Eurozone S&P Global Manufacturing PMI (Dec)

### Tuesday 3 January

*Australia, New Zealand, Japan* Market Holiday  
Worldwide Manufacturing PMIs, incl. global PMI\* (Dec)  
Germany Unemployment Rate (Dec)  
United States Construction Spending (Nov)  
Philippines CPI (Dec)

### Wednesday 4 January

Japan au Jibun Bank Manufacturing PMI\* (Dec)  
Thailand S&P Global Manufacturing PMI\* (Dec)  
India S&P Global Services PMI\* (Dec)  
Germany Import Prices (Nov)  
Switzerland CPI (Dec)  
Germany S&P Global Services PMI\* (Dec)  
Eurozone S&P Global Services PMI\* (Dec)  
United Kingdom Mortgage Lending and Approvals (Nov)  
Germany CPI (Dec, prelim)  
United States ISM Manufacturing PMI (Dec)  
United States JOLTS Job Openings (Nov)

### Thursday 5 January

Worldwide Services, Composite PMIs, inc. global PMI\* (Dec)  
Japan Monetary Base (Dec)  
Thailand CPI (Dec)  
Germany Trade Balance (Nov)  
Eurozone S&P Global Construction PMI\* (Dec)  
Germany S&P Global Construction PMI\* (Dec)  
United Kingdom Reserve Assets Total (Dec)  
Eurozone Producer Prices (Nov)  
United States ADP National Employment (Dec)  
United States International Trade (Nov)  
United States Initial Jobless Claims  
Canada Trade Balance (Nov)

### Friday 6 January

Japan au Jibun Bank Services PMI\* (Dec)  
Germany Industrial Orders (Nov)  
Germany Manufacturing Output (Nov)  
Germany Retail Sales (Nov)  
United Kingdom Halifax House Prices\* (Dec)  
Norway Manufacturing Output (Nov)  
Switzerland Retail Sales (Nov)  
Taiwan CPI (Dec)  
United Kingdom S&P Global/CIPS Construction PMI\* (Dec)  
Eurozone HICP (Dec, flash)  
Eurozone Retail Sales (Nov)  
Eurozone Business Climate (Dec)  
Eurozone Consumer Confidence (Dec, final)  
United States Non-Farm Payrolls, Average Earnings, Unemployment Rate (Dec)  
Canada Unemployment Rate (Dec)  
United States Factory Orders (Nov)  
United States ISM Non-manufacturing PMI (Dec)

\* Press releases of indices produced by S&P Global and relevant sponsors can be found [here](#).

## Special report:

**US Flash PMI Survey Data Signal Growing Impact from Rate Hikes on Economy and Inflation** | Chris Williamson | [page 4](#)

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

Global	<a href="#">Flash PMI survey data signal growing impact from rate hikes on economy and inflation</a>	16 Dec	Chris Williamson
	<a href="#">PMI surveys show emerging markets outperforming global benchmarks in November but trend deteriorating</a>	15-Dec	Joseph Hayes
	<a href="#">Global Autos production slumps in November amid declining demand</a>	15-Dec	Laura Denman
	<a href="#">Global employment trend softens in November but labour shortages and hiring challenges support continued jobs growth</a>	9-Dec	Andrew Harker, Joseph Hayes, Pollyanna De Lima
	<a href="#">Global sector data reveal broadening slowdown with financial services leading the downturn</a>	7-Dec	Jingyi Pan
Americas	<a href="#">Expectations of further Fed tightening in December, as PMI survey data suggest policy is helping cool inflation and reduce demand</a>	9-Dec	Sian Jones
Europe	<a href="#">Eurozone recession fears ease as flash PMI signals slower rate of contraction for second month</a>	16-Dec	Chris Williamson
	<a href="#">Flash UK PMI data signal cooling inflation and moderating downturn, but jobs are cut amid uncertain outlook</a>	16-Dec	Chris Williamson
	<a href="#">Recruitment downturn signals cooling wage growth in UK</a>	12-Dec	Chris Williamson
Asia-Pacific	<a href="#">Asia PMI indicates region slipping further into contraction ahead of 2023 arrival</a>	12-Dec	Jingyi Pan
	<a href="#">Japanese service sector activity picks up following recent roll-out of National Travel Discount Programme</a>	18-Nov	Laura Denman
Commodities	<a href="#">Weekly Pricing Pulse: Significant price rises for commodities</a>	16-Dec	Michael Dall

## S&P Global Economics & Country Risk highlights

### Purchasing Managers Index (PMI) Global Webinar [Replay]



Join our webcast to learn about the latest economic trends from the world's leading survey data. Based on a global survey of more than 28,000 companies, our Purchasing Managers' Index™ (PMI™) provides a unique and comprehensive picture of worldwide economic growth, employment, and inflation across both manufacturing and services in all major economies, with a special focus on supply chains and pricing.

[Click here to watch the replay](#)

### Purchasing Managers Index: Stocks of finished goods and a new data set



Tune in for the latest trends seen in our Purchasing Managers Index data. Our economists discuss the strength of Middle East economies and challenges facing economies within Africa. They also look at what's driving the rise in global manufacturing stocks of finished goods and highlight a new data set within the PMI offering that aims to quantify the impact of common themes like demand inflation and delivery times.

[Click here to listen to this podcast by S&P Global Market Intelligence](#)

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Special Focus

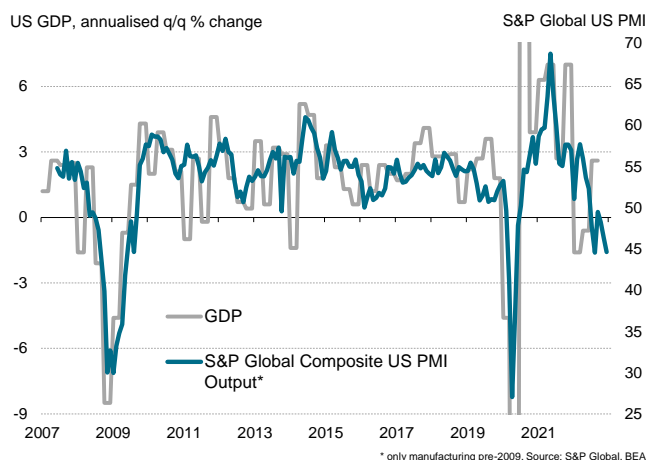
# US Flash PMI Survey Data Signal Growing Impact from Rate Hikes on Economy and Inflation

December saw the US economic downturn gather momentum, according to early PMI survey data, as demand for goods and services slumped at one of the steepest rates seen since the global financial crisis. Jobs growth slowed as a result, with further labour market softness signalled for the coming months. However, the slump in demand has brought about an easing of supply constraints, which has in turn led to one of the largest monthly drops in input cost inflation seen in the PMI survey history. Consumer price inflation should consequently moderate further as we head into 2023.

## PMI signals fourth quarter GDP decline

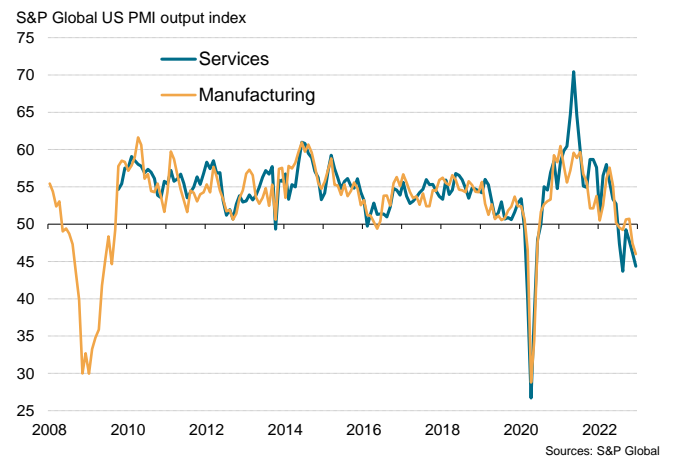
Business conditions are worsening as 2022 draws to a close. The headline Flash US PMI Composite Output Index registered 44.6 in December, down from 46.4 in November, to signal the joint-fastest decline in business activity for over two-and-a-half years as 2022. Excluding the initial pandemic period, the downturn over the fourth quarter as a whole has been the sharpest since 2009. Comparisons with official data suggest that the PMI is indicative of GDP contracting in the fourth quarter at an annualised rate of around 1.5%.

### S&P Global PMI vs. US GDP growth



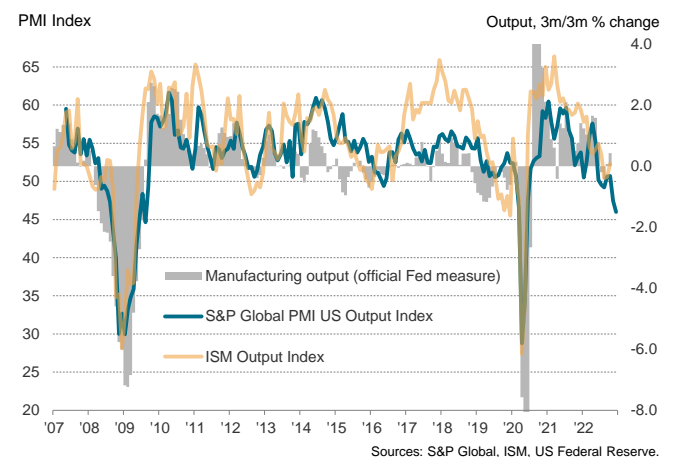
Output fell sharply in both manufacturing and services to register a broad-based deepening of the downturn facing the US economy.

### US PMI output by broad sector



From a manufacturing output perspective, for example, the S&P Global PMI survey is now indicating a quarterly rate of decline of around 2%, and hints at a weakening in the upcoming ISM December survey's production index.

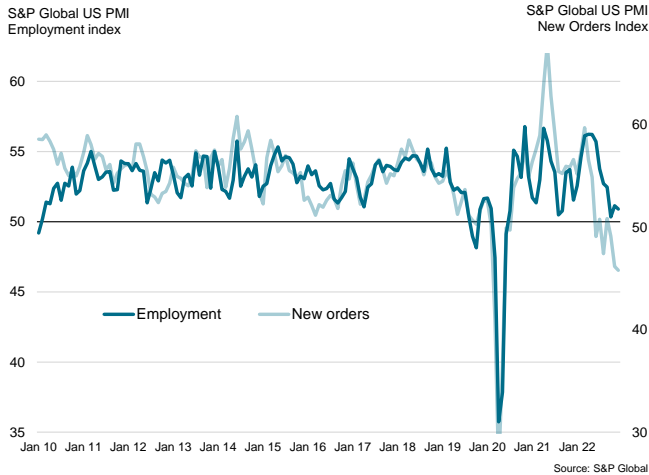
### US manufacturing output



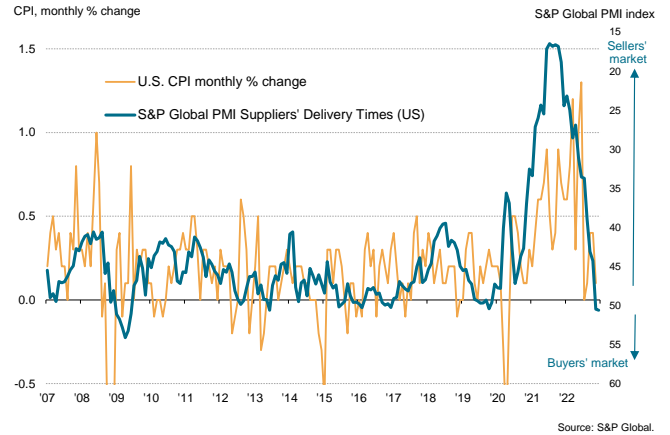
## Slumping demand means less need for workers

Jobs growth has meanwhile slowed to a crawl as firms across both manufacturing and services take a much more cautious approach to hiring amid a slump in customer demand. New order inflows across manufacturing and services, a leading indicator of hiring, are now falling at a rate not seen since the global financial crisis if the initial lockdown months of 2020 are excluded.

### US new orders and employment



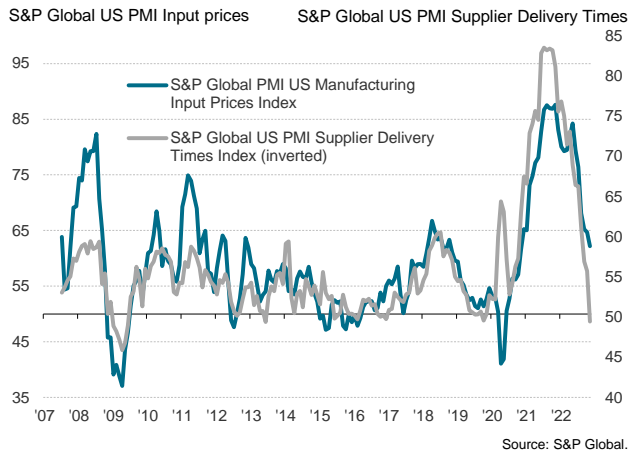
### US supplier delivery times and CPI inflation



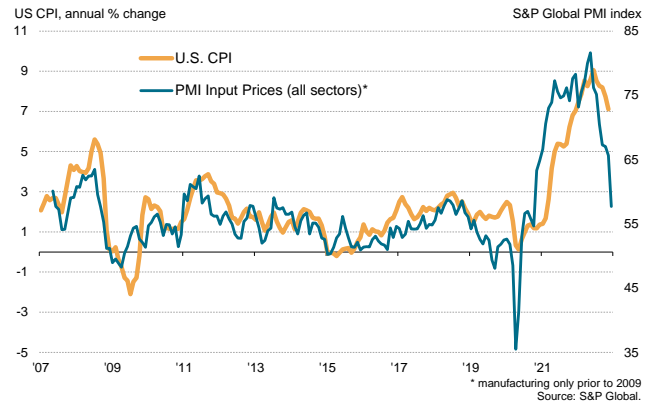
### Supply chains continue to heal

The upside is that weaker demand has taken pressure off supply chains which had been stretched during the pandemic. December saw a second successive month of faster supplier delivery times, a phenomenon which not only signals improving supply conditions but also tends to herald the shifting of pricing power away from the seller towards the buyer.

### US PMI survey supplier delivery times and input costs



### US CPI inflation and PMI input costs

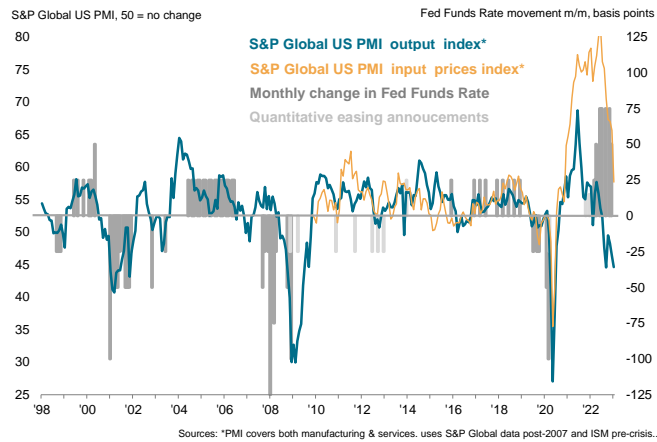


### Policy impact

In short, the PMI survey data from S&P Global suggest that Fed rate hikes are having the desired effect on inflation, but that the economic cost is building and recession risks are consequently mounting.

Continued...

## US PMI survey output and price data vs. FOMC policy



[Read the accompanying press release here.](#)

**Chris Williamson**  
Chief Business Economist  
S&P Global Market Intelligence  
London  
T: +44 779 5555 061  
[chris.williamson@spglobal.com](mailto:chris.williamson@spglobal.com)

## Links to more resources

- [Sign up to receive updated commentary in your inbox here.](#)
- [Calendar of upcoming PMI releases](#)
- [Running commentary on the PMI survey findings](#)
- [PMI Frequently Asked Questions](#)
- [Background to the PMIs \(video\)](#)
- [Understanding the headline PMI and its various subindices](#)
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## CONTACT US

### Chris Williamson

Chief Business Economist  
S&P Global Market Intelligence  
London

T: +44 779 5555 061  
[chris.williamson@spglobal.com](mailto:chris.williamson@spglobal.com)

### Jingyi Pan

Economics Associate Director  
S&P Global Market Intelligence  
Singapore

T : +65 6439 6022  
[jingyi.pan@spglobal.com](mailto:jingyi.pan@spglobal.com)

### The Americas

+1-877-863-1306

### EMEA

+44-20-7176-1234

### Asia-Pacific

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