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J.P.Morgan Global Composite PMI™

Global PMI signals accelerating downturn of economic activity in November

Key findings

PMI Output Index at 29-month low of 48.0

New orders fall at faster rate

Jobs growth slows further

The downturn in global economic activity deepened during November. Output fell at the quickest pace in almost two-and-a-half years following a similarly steep drop in new order intakes. There was slightly better news on the price front, however, as rates of increase in input costs and output charges both eased further

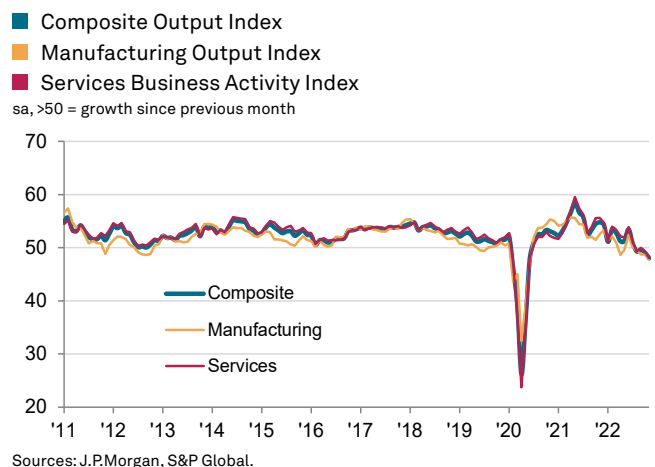
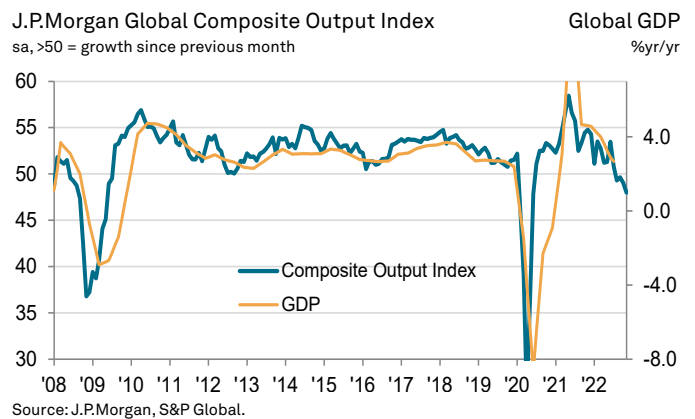
The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – fell to 48.0 in November, from 49.0 in October. The headline index has signalled contraction in each of the past four months.

November saw manufacturing output and service sector business activity fall at the fastest rates since June 2020. Furthermore, of the six narrow sector definitions covered by the survey, five (business services, consumer goods, consumer services, intermediate goods and investment goods) registered contractions. Financial services was the only category to see expansion, although the rate of increase was marginal and mainly represented a broad stabilisation following October's marked decline.

There was a broad slump in developed market output during November. The rate of decline accelerated to a three-month record in the US, remained solid in both the euro area and the UK while Japan contracted following back-to-back expansions in September and October. The performance of emerging markets was more mixed. Downturns were signalled in China and Brazil, Russia stabilised and India expanded.

The level of incoming new business decreased for the fourth month running in November, with the rate of contraction accelerating to a two-and-a-half year record. The trend in international trade also remained weak, with new export orders contracting for the ninth successive month. Lower intakes in new work led to a further reduction in outstanding business, which fell for the fifth straight month.

The downturn in the global economy was partly reflected in the labor market. Although staffing levels rose for the twenty-seventh successive month, the rate of job creation was only slight and among the weakest during that sequence.



Composite Index summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Oct-22	Nov-22	Interpretation
Output	49.0	48.0	Decline, faster rate
New Business	49.1	47.8	Decline, faster rate
New Export Business	46.4	46.6	Decline, slower rate
Future Output*	58.5	60.1	Growth expected, better optimism
Employment	51.0	50.3	Growth, slower rate
Outstanding Business	48.2	47.9	Decline, faster rate
Input Prices	64.1	63.0	Inflation, slower rate
Output Prices	56.5	55.7	Inflation, slower rate

Higher employment in the US, the euro area, Japan, the UK, India and Brazil (among others) was largely offset by losses in China and Russia.

One positive influence of weaker demand was the softening impact it had on prices and supply chain pressures. Rates of inflation in output charges and input costs eased to 21-month lows, while average vendor lead times in the manufacturing sector lengthened to the least marked extent since January 2020.

November saw companies maintain a subdued outlook for the global economy. Although business optimism improved on October's 28-month low, it remained at one of its lowest levels since comparable data were first compiled in mid-2012. Confidence picked up (on average) in developed nations, but slipped to a seven-month low in emerging markets.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index fell to a 29-month low of 48.1 in November, from 49.2 in October. The index has signalled contractions in three out of the past four months. Output declined in most of the nations covered, the exception being India, Brazil, Japan, Spain and Ireland.

Incoming new business decreased for the second month running, leading to a further reduction in backlogs of work and slower growth of workforce numbers. Business optimism remained subdued by the historical standards of the survey, despite picking up from October's 25-month low.

Average input prices rose at the weakest pace since August 2021. This was reflected in the trend in output charges, which also increased at a slower pace.

Services Index summary

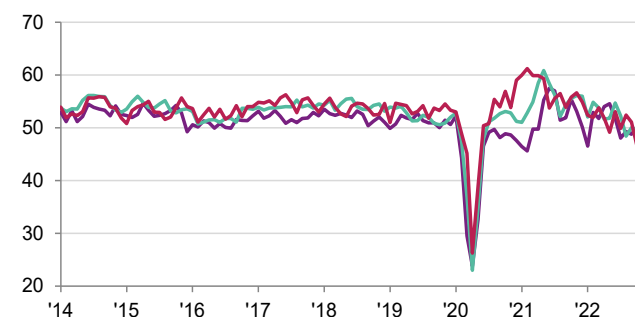
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Oct-22	Nov-22	Interpretation
Business Activity	49.2	48.1	Decline, faster rate
New Business	49.9	48.2	Decline, faster rate
New Export Business	47.0	48.0	Decline, slower rate
Future Activity*	59.1	60.9	Growth expected, better optimism
Employment	51.3	50.5	Growth, slower rate
Outstanding Business	48.5	48.2	Decline, faster rate
Input Prices	65.2	64.4	Inflation, slower rate
Prices Charged	56.5	55.5	Inflation, slower rate

Business Activity Index

- Consumer Services
- Business Services
- Financial Services

sa, >50 = growth since previous month



Sources: J.P.Morgan, S&P Global.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said:

“The November PMIs signal a further downshift in momentum for the global economy. The output and new orders PMIs fell by 1.0pts and 1.3pts, respectively, to settle at their lowest levels for two-and-a-half years. The employment PMI points to job growth at its weakest since early-2021. Input costs and selling prices both easing during the latest survey month as improved supply chain conditions and weaker demand have filtered through to inflation.”

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Survey methodology

The J.P.Morgan Global Composite PMI™ is produced by S&P Global in association with ISM and IFPSM.

Global composite PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to companies in manufacturing and services survey panels in over 40 countries (see table, right for full coverage), totalling around 27,000 companies. These countries account for 89% of global gross domestic product (GDP)*.

For manufacturing surveys, responses are collected for the following variables: output, new orders, new export orders, future output, backlogs of work, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods, input prices and output prices. For services surveys, responses are collected for the following variables: business activity, new business, new export business, future activity, outstanding business, employment, input prices and prices charged.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each manufacturing and services survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Global indices for manufacturing and services are calculated by weighting together the country indices using national manufacturing and services annual value added*. Global Composite indices are then calculated by weighting together comparable global manufacturing and services indices using global manufacturing and services annual value added*.

The headline figure is the Global Composite Output Index. This is a weighted average of the Global Manufacturing Output Index and the Global Services Business Activity Index.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

The J.P.Morgan Global Composite PMI provides the first indication each month of worldwide economic business conditions. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case. The wide coverage of the indices, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations worldwide.

* Source: World Bank World Development Indicators.

About J.P.Morgan

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. www.jpmorganchase.com.

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About ISM

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About IFPSM

The International Federation of Purchasing and Supply Management (IFPSM) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. IFPSM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices. The term procurement is taken to embrace purchasing, materials management, logistics, supply chain management and strategic sourcing. IFPSM is a non-political, independent and non-profit oriented International Organization. www.ifpsm.org

About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. ihsmarkit.com/products/pmi.html.

Data sources

Region	Producer	In association with
Australia	S&P Global	–
Austria	S&P Global	Unicredit Bank Austria / OPWZ
Brazil	S&P Global	–
Canada	S&P Global	–
China (mainland)	S&P Global	Caixin
Colombia	S&P Global	Davivienda
Czech Republic	S&P Global	–
Denmark	DILF	Kairos commodities
Egypt*	S&P Global	–
France	S&P Global	–
Germany	S&P Global	BME
Greece	S&P Global	HPI
Hong Kong SAR ¹ *	S&P Global	–
Hungary	HALPIM	–
India	S&P Global	–
Indonesia	S&P Global	–
Ireland	S&P Global	AIB
Israel	IPLMA	Bank Hapoalim Ltd
Italy	S&P Global	–
Japan	S&P Global	au Jibun Bank
Kazakhstan	S&P Global	Tengri Partners
Kenya*	S&P Global	Stanbic Bank
Lebanon*	S&P Global	BLOMINVEST Bank
Malaysia	S&P Global	–
Mexico	S&P Global	–
Myanmar	S&P Global	–
Netherlands (The)	S&P Global	Nevi
New Zealand	Business NZ	Bank of New Zealand
Nigeria*	S&P Global	Stanbic IBTC Bank
Philippines (The)	S&P Global	–
Poland	S&P Global	–
Russia	S&P Global	–
Saudi Arabia*	S&P Global	–
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	AERCE
Switzerland	procure.ch	Credit Suisse
Taiwan	S&P Global	–
Thailand	S&P Global	–
Turkey	S&P Global	Istanbul Chamber of Industry
UAE*	S&P Global	–
United Kingdom	S&P Global	CIPS
United States ²	S&P Global / ISM	–
Vietnam	S&P Global	–

*Indices calculated from manufacturing and services responses extracted from survey panels covering the entire private sector economy.

¹Hong Kong is a Special Administrative Region of China.

²US data compiled by ISM pre-February 2010 and by S&P Global post-January 2010.

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