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# J.P.Morgan Global Composite PMI™

## Global economic growth eases at start of third quarter as slowdown in new orders continues

### Key findings

Global Composite PMI Output Index at 51.7

Manufacturing sector contracts; slowdown in services

Input price inflation slows to 33-month low

The global economy lost further growth momentum at the start of the third quarter. Rates of expansion in output and new orders weakened, as the ongoing downturn at manufacturers was accompanied by a further slowdown at service providers. There was also a pull-back in hiring activity, as jobs growth eased to a six-month low.

The J.P.Morgan Global Composite PMI Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – fell to 51.7 in July, down from 52.7 in June, to register its lowest reading since January. The headline index nonetheless stayed above the 50.0 line dividing expansion from contraction for the sixth month in a row.

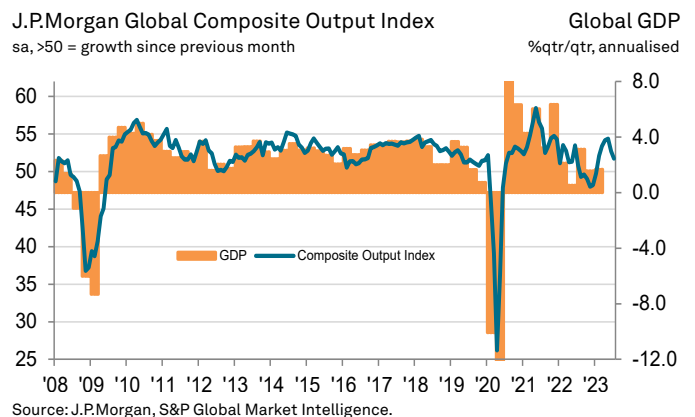
The euro area was the main source of the underlying weakness shown during July, with eurozone economic output decreasing for the second month in a row. Contractions were seen in Germany, France and Italy. Growth meanwhile slowed in the US, mainland China, UK, Spain and Russia. Japan and India bucked the general trend, both registering faster rates of expansion.

Incoming new business rose only marginally in July and at the slowest pace during the current six-month growth sequence. The trend in international trade also remained weak, with new export orders falling at the quickest pace since January.

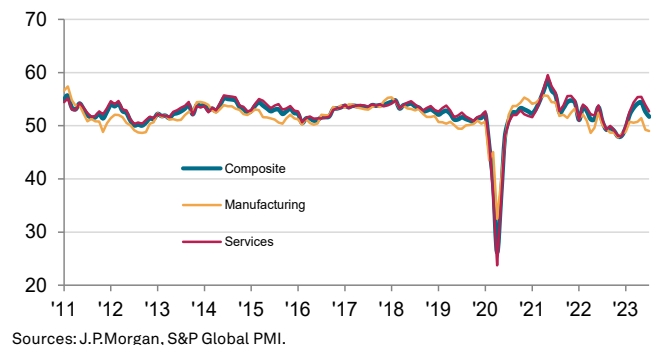
The picture painted by the headline data was replicated at the sub-industry level. Manufacturing output and new orders declined across all three of the product categories covered by the survey (consumer, intermediate and investment goods). Meanwhile, the services sub-sectors covered – business, consumer and financial – all registered weaker expansions of both activity and new business.

The outlook also darkened slightly at the start of the third quarter. Although companies still expect economic activity to rise over the coming year, the overall degree of positive sentiment dipped to a seven-month low. The slowdown in new order growth also led to a further depletion of backlogs of work.

Although employment increased for the thirty-fifth successive month in July, the rate of jobs growth was the



■ Composite Output Index  
■ Manufacturing Output Index  
■ Services Business Activity Index  
sa, >50 = growth since previous month



### Composite Index summary

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

Index	Jun-23	Jul-23	Interpretation
Output	52.7	51.7	Growth, slower rate
New Business	52.3	50.7	Growth, slower rate
New Export Business	48.3	47.8	Decline, faster rate
Future Output*	64.1	61.9	Growth expected, weaker optimism
Employment	51.9	51.0	Growth, slower rate
Outstanding Business	49.6	48.8	Decline, faster rate
Input Prices	56.9	56.2	Inflation, slower rate
Output Prices	53.4	53.6	Inflation, faster rate

weakest since January. Rates of expansion slowed in the US, the euro area, Japan, UK, Brazil, Australia and Russia. Job creation remained marginal in China, albeit stronger than in the prior month, and was at an unchanged pace in India.

July saw the rate of input cost inflation continue to trend downwards, easing for the sixth month running and to its lowest since October 2020. Although output charge inflation edged higher, the rate signalled was similar to June's two-and-a-half-year low. There were marked disparities between the trends in the manufacturing and service sectors. The former saw both price measures signal declines, whereas the latter saw continued rises in input costs and output charges.

**Global Services Summary**

The J.P.Morgan Global Services PMI Business Activity Index posted 52.7 in July, from 53.9 in June. Output and new orders have now expanded in each of the past seven months. However, signs of slowdown remained evident, with growth easing to five- and six-month lows, respectively.

Service sector business activity rose in almost all of the nations covered, the exceptions being France and Australia. The US, the euro, Japan, the UK, Russia and Brazil all saw slower rates of growth, whereas mainland China and India both registered quicker expansions.

Service sector jobs growth eased to a six-month low in July. Backlogs of work decreased for the second time in the past three months. Input costs rose at the slowest pace since December 2020, whereas output charge inflation ticked up.

**Comment**

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

“The global economy lost further growth momentum in July, as the downturn in manufacturing and slowdown in services both continued. The Euro area stands out as particularly weak, although slower growth momentum was seen in the US and China as well. The near-term outlook is also weaker, as new orders growth slowed and business optimism dipped to a seven-month low. The subdued demand backdrop is having a positive influence on the pricing PMIs, with input prices rising at the slowest pace since late-2020.”

**Services Index summary**

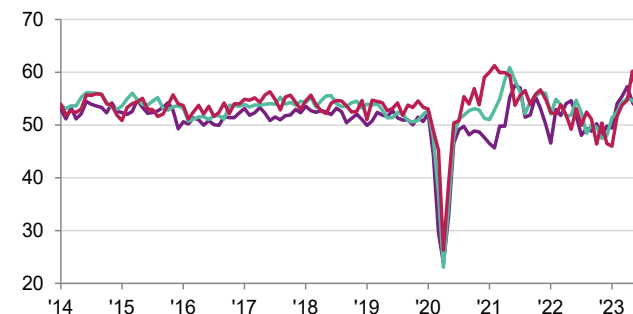
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Jun-23	Jul-23	Interpretation
Business Activity	53.9	52.7	Growth, slower rate
New Business	53.9	51.9	Growth, slower rate
New Export Business	52.3	52.2	Growth, slower rate
Future Activity*	65.7	62.2	Growth expected, weaker optimism
Employment	52.6	51.3	Growth, slower rate
Outstanding Business	50.7	49.6	Decline, from increasing
Input Prices	60.1	58.7	Inflation, slower rate
Prices Charged	54.9	55.1	Inflation, faster rate

**Business Activity Index**

- Consumer Services
- Business Services
- Financial Services

sa, >50 = growth since previous month



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

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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](mailto: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.

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Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Mastery Model®. [www.instituteforsupplymanagement.org](http://www.instituteforsupplymanagement.org)

**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](http://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](https://ihsmarkit.com/products/pmi.html).

**Data sources**

Region	Producer	In association with
Australia	S&P Global	Judo Bank
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	–
Egypt*	S&P Global	–
Eurozone	S&P Global	HCOB
France	S&P Global	HCOB
Germany	S&P Global	HCOB
Greece	S&P Global	HPI
Hong Kong SAR <sup>1</sup> *	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	HCOB
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	Riyad Bank
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	HCOB
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 <sup>2</sup>	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.

<sup>1</sup>Hong Kong is a Special Administrative Region of China.

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

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