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# J.P.Morgan Global Composite PMI™

## Global economic activity and new orders show signs of stabilising at start of 2023

### Key findings

Global PMI Output Index rises to 49.8

Output and new orders down only slightly

Input cost inflation picks up pace

Global economic activity fell again in January. However, the start of the year also provided signs that the downturn may have passed its nadir. Declines in output and new orders were the weakest during their respective six-month sequences of contraction and moved closer to stabilisation. Business optimism meanwhile rose to an eight-month high, as companies' forecast growth (on average) for the coming year.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – posted 49.8 in January, up from 48.2 in December, a level only a few pips below the no-change mark of 50.0. The downturn in manufacturing production eased, while service sector activity ticked higher following a three-month sequence of contraction.

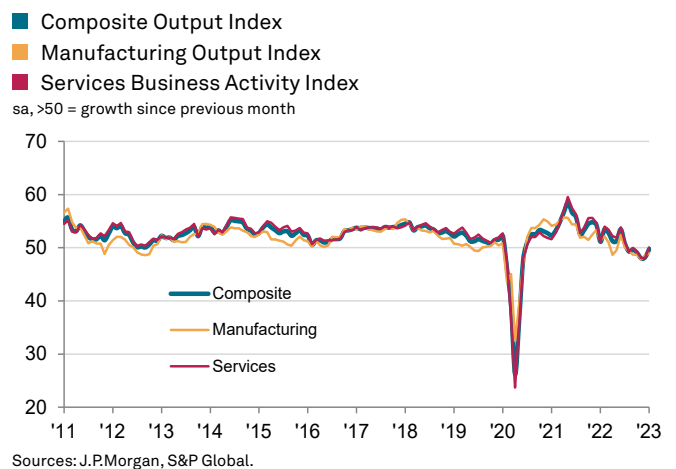
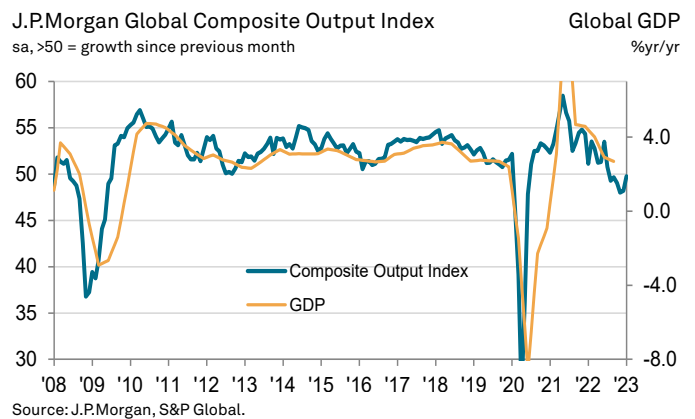
Two out of the six sub-sectors covered by the survey registered expansions of output during January – business services and consumer goods. Activity contracted in the consumer services, financial services, intermediate goods and investment goods categories, among which the steepest rate of decline was seen in financial services.

Data broken down by nation signalled that the main pockets of growth were located in Asia. China and Japan both returned to expansion following recent downturns, while India again recorded the strongest rate of growth of the nations covered.

The euro area also registered an increase in economic activity – albeit only marginal – as expansions in Italy, Spain and Ireland offset declines in the big-two of Germany and France. The US, UK, Russia, Australia and Kazakhstan all saw output decrease.

The level of incoming new business moved closer to stabilising at the start of the year, as a modest rebound at service providers was offset by the ongoing downturn in manufacturing. The trend in international trade flows remained negative, with new export work falling for the eleventh consecutive month.

January saw a further mild increase in employment,



### Composite Index summary

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

Index	Dec-22	Jan-23	Interpretation
Output	48.2	49.8	Decline, slower rate
New Business	47.7	49.9	Decline, slower rate
New Export Business	46.7	47.8	Decline, slower rate
Future Output*	61.0	64.1	Growth expected, better optimism
Employment	50.2	50.4	Growth, faster rate
Outstanding Business	48.3	48.7	Decline, slower rate
Input Prices	59.7	61.0	Inflation, faster rate
Output Prices	55.1	55.0	Inflation, slower rate

with slight gains in workforce numbers signalled at both manufacturers and service providers alike. Job creation was seen in the US, the euro area, India and Australia, in contrast to cuts in China, Japan, Brazil, Russia and Kazakhstan. The UK saw no change in employee numbers.

After easing in the prior eight months, January saw average input prices rise at a faster pace. Rates of increase picked up in both the manufacturing and service sectors, with the steeper inflation again signalled in the latter. Output prices meanwhile rose to the least marked extent in almost two years.

Business optimism continued to revive in January. The overall degree of confidence hit an eight-month, following a seven-month sequence below its long-run average. Positive sentiment improved in both the manufacturing and service sectors.

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index rose to 50.1 in January, from 48.1 in December, to signal an increase (albeit only slight) in output for the first time since July 2022. The index was supported by renewed growth in China and the euro area, sustained expansions in Japan, Brazil and India and a softening in the rate of contraction in the US.

Incoming new business also rose for the first time in four months, despite the ongoing downturn in new export orders. Employment also edged up, with the rate of increase a three-month high. Input cost inflation accelerated, in contrast to a further easing in the rate of increase in output charges. Business optimism rose to an eight-month high.

**Services Index summary**

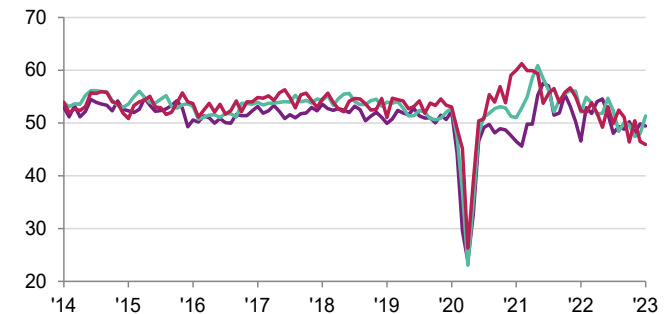
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Dec-22	Jan-23	Interpretation
Business Activity	48.1	50.1	Growth, from contracting
New Business	48.2	50.7	Growth, from contracting
New Export Business	48.2	48.9	Decline, slower rate
Future Activity*	61.4	64.7	Growth expected, better optimism
Employment	50.4	50.6	Growth, faster rate
Outstanding Business	48.8	49.1	Decline, slower rate
Input Prices	60.8	62.4	Inflation, faster rate
Prices Charged	55.3	55.1	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 global composite PMI climbed to a six-month high of 49.8 in January, raising hopes that the global economy is taking a turn for the better at the start of 2023. Important sectoral and regional dynamics should keep the global expansion resilient this quarter. The service sector PMI was a bright spot, jumping 2-pt to 50.1. China’s reopening is gathering steam, as evidenced by the 4.9-pt jump its services PMI on the month. A large rise in the future output PMI adds to the positive message from the surveys.”*

**Contact**

Bennett Parrish  
 Economic & Policy Research  
 J.P.Morgan Chase Bank  
 New York  
[bennett.parrish@jpmchase.com](mailto:bennett.parrish@jpmchase.com)

Katherine Smith  
 Corporate Communications  
 S&P Global Market Intelligence  
 T: +1 (781) 301-9311  
[katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com)

Rob Dobson  
 Director  
 S&P Global Market Intelligence  
 T: +44 1491 461 095  
[rob.dobson@spglobal.com](mailto:rob.dobson@spglobal.com)

If you prefer not to receive news releases from S&P Global, please email [katherine.smith@spglobal.com](mailto:katherine.smith@spglobal.com). To read our privacy policy, click [here](#).

**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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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](http://www.jpmorganchase.com).

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**About ISM**

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](http://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	Kairoscommodities
Egypt*	S&P Global	-
France	S&P Global	-
Germany	S&P Global	BME
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	-
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	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 <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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