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# J.P.Morgan Global Composite PMI™

## Global output and business confidence fall as new business intakes contract for third month running

### Key findings

Global PMI Output Index falls to 49.0

Business optimism dips to 28-month low

Labor market shows continued resilience

October PMI surveys signalled that the downturn in global economic activity extended into its third successive month, with the service sector rejoining manufacturing in contraction territory. Business optimism dipped to a 28-month low, as new order intakes and international trade flows continued to dwindle in the face of heightened economic, inflationary and political pressures.

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 49.0 in October, from 49.6 in September, its lowest reading since June 2020.

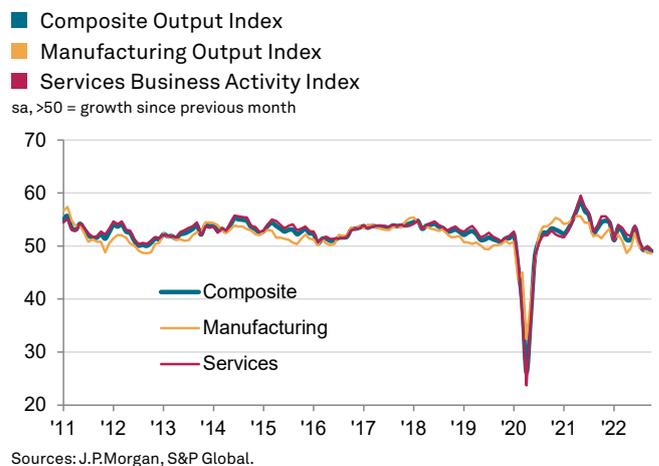
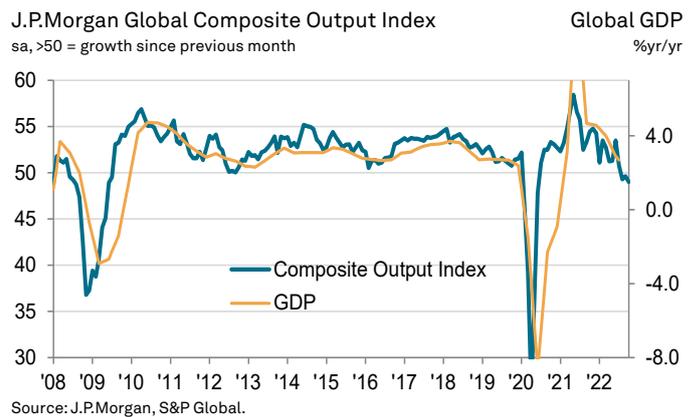
Three out of the six sub-industries covered by the survey – business services, financial services and intermediate goods – saw output decrease, with rates of contraction especially sharp in the latter two. Activity levels rose in the consumer goods, consumer services and investment goods categories, although growth was only marginal in all three.

National PMI data indicated that economic activity declined in the US, China, the euro area, the UK, Russia, Australia and Kazakhstan. In contrast, Japan, India and Brazil all registered expansions, with growth accelerating in each nation.

The level of incoming new business contracted for the third straight month in October. Although the pace of decline remained only mild it was nonetheless the steepest since June 2020. Among the six sub-industries covered by the survey, only business services saw an increase in new work received. International trade flows deteriorated again, as new export business fell to the greatest extent in 28 months.

The downturns in economic activity and new orders contributed to a further dip in business optimism during October. Positive sentiment dropped to its lowest since June 2020, with confidence levels falling at manufacturers and service providers alike. All six of the sub-sectors covered by the survey registered reduced optimism.

The labor market remained resilient at the start of the fourth quarter. October saw employment increase for the twenty-sixth consecutive month, albeit to one of the weakest extents during that sequence. The majority of the



### Composite Index summary

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

Index	Sep-22	Oct-22	Interpretation
Output	49.6	49.0	Decline, faster rate
New Business	49.8	49.1	Decline, faster rate
New Export Business	46.5	46.3	Decline, faster rate
Future Output*	61.2	58.5	Growth expected, lesser optimism
Employment	51.3	51.0	Growth, slower rate
Outstanding Business	49.6	48.2	Decline, faster rate
Input Prices	64.3	64.1	Inflation, slower rate
Output Prices	56.9	56.5	Inflation, slower rate

economies covered saw increased staffing levels, including the US, the euro area, China and Japan. Only Spain, Russia and Kazakhstan registered job cuts. Employment rose in the business services, consumer services and investment goods sub-industries, with the sharpest growth in the latter. Higher staffing levels helped companies achieve further reduction to work-in-hand, which fell for the fourth month running.

Price inflationary pressures remained solid in October, despite rates of increase in input costs and output charges easing to 19-month lows. Rates of inflation signalled for both price measures stayed much sharper (on average) in developed nations compared to emerging markets.

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index posted 49.2 in October, down from 50.0 in September, to signal a decline in output for the second time in the past three months. Although the rate of contraction was only slight, it was still the sharpest registered since June 2020. Activity rose in Japan, France, India and Brazil (among others). Contractions were seen in the US, the euro area, China, the UK, Australia and Russia.

The downturn reflected weaker intakes of new work – as new orders fell for the first time in 28 months – and weaker business sentiment. Service providers' confidence about the year-ahead outlook for business activity dipped to its lowest level in over two years (since September 2020).

The trend in jobs growth remained resilient in October. Staffing levels were raised for the twentieth month in a row, albeit to the weakest extent during that sequence. Increases were registered in all of the nations covered except Russia and Kazakhstan.

**Comment**

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

*“The October PMI surveys point to a further downturn in global economic activity, with output falling in both the manufacturing and services sectors. The composite output and new orders indices fell by 0.6pts and 0.7pts, respectively, to new lows since June 2020. With demand weak, geopolitical and market volatility high, and inflationary pressures still elevated, the growth outlook remains downbeat for the remainder of the year. The labor market remains resilient, however, with job creation weathering these headwinds relatively well.”*

**Services Index summary**

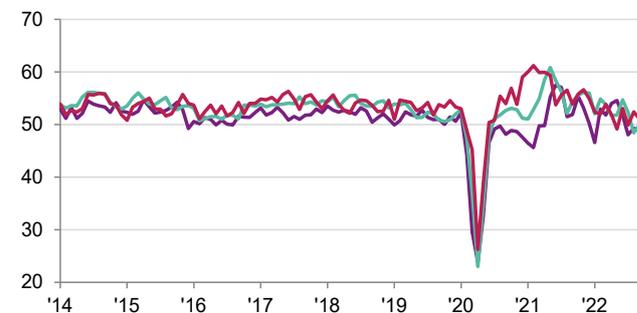
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Sep-22	Oct-22	Interpretation
Business Activity	50.0	49.2	Decline, from unchanged
New Business	50.5	49.9	Decline, from expanding
New Export Business	48.6	46.9	Decline, faster rate
Future Activity*	62.3	59.1	Growth expected, lesser optimism
Employment	51.5	51.2	Growth, slower rate
Outstanding Business	49.8	48.5	Decline, faster rate
Input Prices	65.3	65.2	Inflation, slower rate
Prices Charged	57.0	56.5	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.

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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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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	–
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	–
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 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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