News release

Market sensitive information
Embargoed until 0945 EST (1445 UTC) 22 November 2024

S&P Global Flash US PMI®

Output growth accelerates as business mood brightens and inflation cools

Key findings, November:

Flash US PMI Composite Output Index(1): 55.3 (Oct: 54.1). 31-month high.

Flash US Services PMI Business Activity Index(2): 57.0 (Oct: 55.0). 32-month high.

Flash US Manufacturing Output Index(3): 46.3 (Oct: 49.2). 23-month low.

Flash US Manufacturing PMI(4): 48.8 (Oct: 48.5). 4-month high.

Data were collected 12-21 November

Flash US PMI® survey data signaled a marked upturn in growth of business activity in November to a 31-month high, with output buoyed by the sharpest rise in demand for two-and-a-half years and improved business confidence. Firms' expectations of output in the coming year rose to the highest since May 2022, attributed to the prospect of lower interest rates, improved economic growth, and more supportive business policies from the new administration in 2025.

Employment fell for a fourth successive month, while output price inflation cooled to the lowest since prices began rising in June 2020, with prices charged for services showing an especially modest rise.

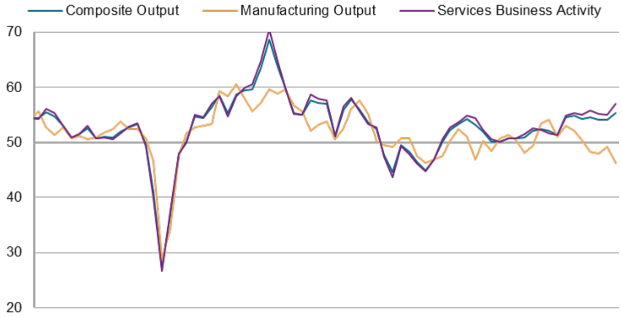
Growth was again driven solely by the service sector, but rising optimism and renewed hiring in manufacturing hinted at the upturn becoming more broad-based in the coming months.

Output and demand

The headline S&P Global Flash US PMI Composite Output Index rose to 55.3 in November, up from 54.1 in October, signalling the fastest expansion of business activity since April 2022. Higher activity reflected rising demand, with new orders picking up sharply to register the strongest upturn in business inflows since May 2022.

Growth remained very uneven across the economy, however, with a surge in service sector activity contrasting with a further downturn in manufacturing. While service sector output rose in November at the fastest rate since March 2022, manufacturing output fell at a rate not seen since December 2022. The resulting divergence in output was the widest recorded since data were first available in 2009 barring only May 2021, amid the re-opening of the economy from pandemic restrictions.

S&P Global Flash US PMI



Data compiled November 22, 2024. Index, sa, >50 = growth since previous month.
Source: S&P Global PMI.
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Similarly, while new orders for services rose at a rate not witnessed since April 2022, new orders placed at factories fell for a fifth straight month, albeit registering the smallest decline seen over this period to hint at the production downturn potentially moderating in December.

Future sentiment

Looking further ahead, having slumped to a 23-month low in September, optimism about output in the coming year recovered for a second successive month in November, reaching the highest since May 2022. The improvement in sentiment was broad based, but was especially notable in the manufacturing sector, where optimism struck a 31-month high, adding to suggestions that the economic expansion may become more even in the coming months.

Improved prospects reflected the clearing of political uncertainty following the US Presidential Election, according to anecdotal evidence provided by survey respondents, accompanied by expectations of lower interest rates, lower inflation and improved economic conditions. Respondents also often cited a more business friendly incoming administration as beneficial to the outlook, notably in terms of looser regulation and protection measures, the latter helping boost sentiment particularly in manufacturing.

PMI® by S&P Global

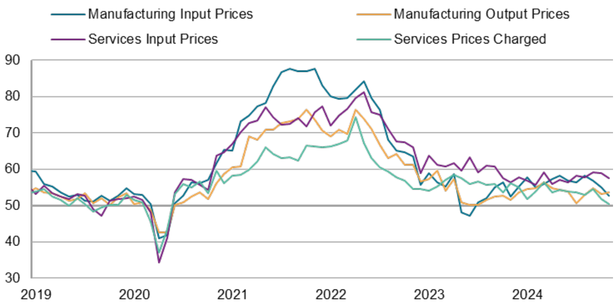
Employment

Despite the upturn in business confidence about the year ahead, companies reduced employment for a fourth straight month in November, with job losses hitting a three-month high. A steepening rate of payroll reduction in the services economy was partly offset, however, by a rise in manufacturing jobs for the first time in four months.

Prices

Average prices charged for goods and services meanwhile rose only very modestly in November, the rate of inflation cooling to the lowest since prices began rising in June 2020. The latest easing pushed the rate of inflation further below the pre-pandemic long-run average, with an especially marked moderation of inflation seen in the services economy, where charges rose only marginally and at the slowest rate since May 2020. Manufacturing selling prices rose at a slightly increased rate.

S&P Global Flash US PMI price indices



Data compiled November 22, 2024. Index, sa, >50 = inflation since previous month
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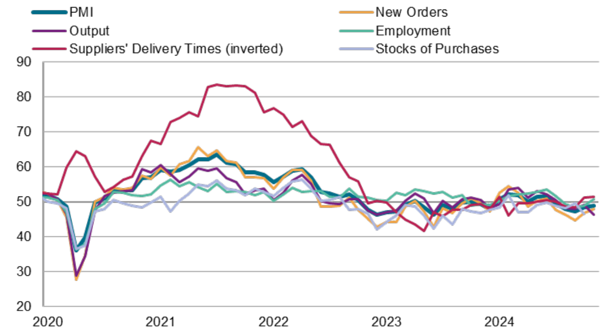
Input cost inflation also slowed, though remained somewhat elevated by historical standards, notably in the service sector amid higher wage pressures. However, the overall rate of input cost inflation was the lowest since June.

Manufacturing PMI

The S&P Global Flash US Manufacturing PMI rose from 48.5 in October to 48.8 in November, signaling a deterioration in business conditions within the goods-producing sector for a fifth successive month but with the rate of deterioration moderating to the slowest since July.

US Manufacturing PMI and its components



Data compiled November 22, 2024. Index, sa, >50 = improvement since previous month.
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Although production fell at a sharply increased rate, all other PMI components moved higher. The rate of loss of new orders eased and employment rose - albeit modestly - for the first time in four months. Inventories meanwhile fell at a reduced rate and suppliers' delivery times lengthened to the greatest extent for 25 months, which acted as an additional boost to the headline PMI. Longer delivery times were often linked to increased purchasing of inputs ahead of potential tariffs on imported inputs.

Commenting on the flash PMI data, Chris Williamson, Chief Business Economist at S&P Global Market Intelligence said:

“The business mood has brightened in November, with confidence about the year ahead hitting a two-and-a-half year high. The prospect of lower interest rates and a more pro-business approach from the incoming administration has fueled greater optimism, in turn helping drive output and order book inflows higher in November.

"The rise in the headline flash PMI indicates that economic growth is accelerating in the fourth quarter, while at the same time inflationary pressures are cooling. The survey's price gauge covering goods and services signalled only a marginal increase in prices in November, pointing to consumer inflation running well below the Fed's 2% target.

"A concern is that growth remains heavily reliant on the services economy, with manufacturing production declining at an increased rate. However, the promise of greater protectionism and tariffs has helped lift confidence in the US good producing sector, which is already feeding through to higher factory employment.

"Factories are meanwhile stepping up their purchases of imported inputs as they seek to front-run tariffs, putting pressure on supply chains to a degree not seen for over two years. Any further stretching of these supply lines could see prices move higher as demand outstrips supply.”

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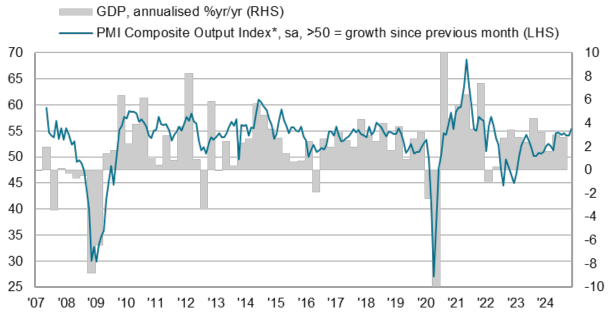
S&P Global Flash US PMI vs gross domestic product (GDP)



Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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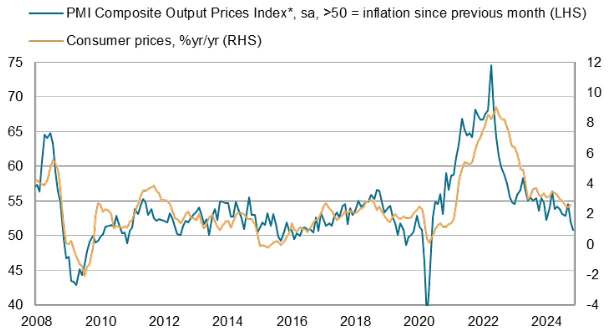
S&P Global Flash US PMI vs inflation



Data compiled November 22, 2024. *PMI Manufacturing Output Prices Index May '07- Sep '09
Sources: S&P Global PMI, Bureau of Economic Analysis via S&P Global Market Intelligence.
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Notes to editors

Final November data are published on 2 December for manufacturing and 4 December for services and composite indicators.

The S&P Global Flash US PMI® is compiled by S&P Global from responses to questionnaires sent to survey panels of around 650 manufacturers and 500 service providers. The panels are each stratified by detailed sector and company workforce size, based on contributions to GDP. The services sector is defined as consumer (excluding retail), transport, information, communication, finance, insurance, real estate and business services.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. The following variables are monitored:

Manufacturing: Output, new orders, new export orders, backlogs of work, stocks of finished goods, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, input prices, output prices, future output.

Services: Business activity, new business, new export business, outstanding business, employment, input prices, prices charged, future activity.

A diffusion index is calculated for each manufacturing and services variable. 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.

Composite indices for are calculated by weighting together comparable manufacturing and services indices using official manufacturing and services annual value added.

The headline figure is the Composite Output Index. This is a weighted average of the Manufacturing Output Index and the Services Business Activity Index. It may be referred to as the ‘Composite PMI’ but is not comparable with the headline Manufacturing PMI, which is a weighted average of five manufacturing indices (including the Manufacturing Output Index).

The headline manufacturing figure is the Manufacturing Purchasing Managers’ Index™ (PMI®). The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

The headline services figure is the Services Business Activity Index. This is a diffusion index calculated from a single question that asks for changes in the volume of business activity compared with one month previously. The Business Activity Index is comparable to the Manufacturing Output Index. It may be referred to as the 'Services PMI' but is not comparable with the headline Manufacturing PMI.

Flash data are calculated from around 80-90% of total responses and are intended to provide an accurate early indication of the final data. Since flash data were first processed, the average differences between final and flash index values for the headline indices are:

Composite Output Index = 0.1 (absolute difference 0.4)

Services Business Activity Index = 0.1 (absolute difference 0.4)

Manufacturing PMI = 0.0 (absolute difference 0.3)

S&P Global do not revise underlying survey data after first publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series. Historical data relating to the underlying (unadjusted) numbers, first published seasonally adjusted series and subsequently revised data are available to subscribers from S&P Global. Please contact economics@spglobal.com.

Notes

1. The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
2. The Services Business Activity Index is the direct equivalent of the Manufacturing Output Index, based on the survey question "Is the level of business activity at your company higher, the same or lower than one month ago?"
3. The Manufacturing Output Index is based on the survey question "Is the level of production/output at your company higher, the same or lower than one month ago?"
4. The Manufacturing *PMI* is a composite index based on a weighted combination of the following five survey variables (weights shown in brackets): new orders (0.3); output (0.25); employment (0.2); suppliers' delivery times (0.15); stocks of materials purchased (0.1). The delivery times index is inverted.

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PMI by S&P Global

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.
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