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# J.P.Morgan Global Composite PMI™

## Global economic growth at two-year low as developed world output contracts for first time since June 2020

### Key findings

Growth of output, new orders and employment all decelerate in July

Business optimism at 22-month low

Cost inflationary pressures ease further

July saw the rate of global economic growth ease to its weakest during the current 25-month sequence of expansion. The slowdown was mainly centred on developed nations, where output contracted (on average) for the first time since June 2020. Emerging markets showed greater resilience in comparison, with growth staying close to June's eleven-and-a-half year high. There was better news on the prices front, with input cost inflation at a five-month low.

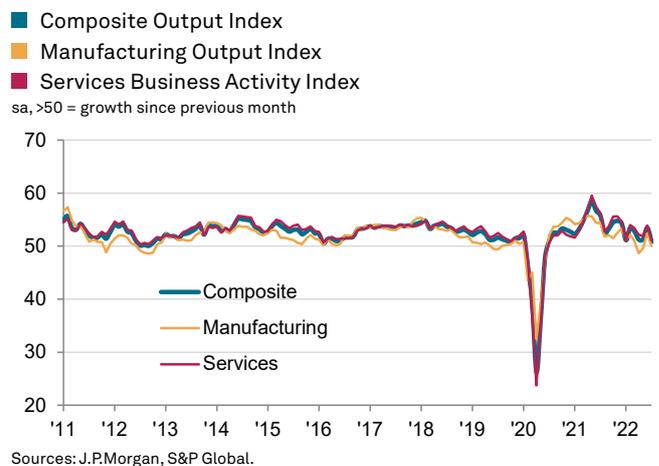
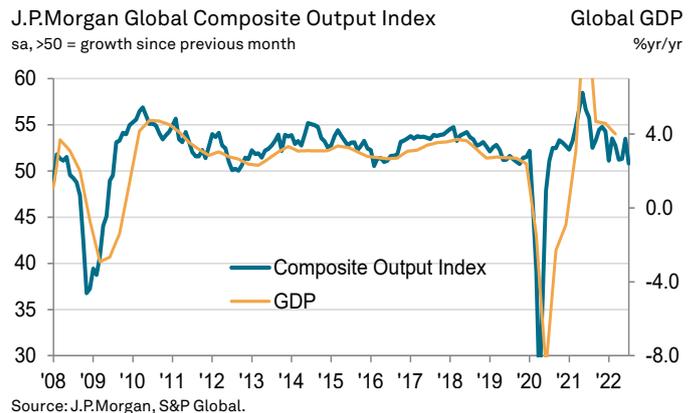
Please note that due to later-than-usual release dates, July data for Canada manufacturing, Ireland manufacturing and Ireland services were not available for inclusion in the global numbers.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – posted 50.8 in July, down from 53.5 in June. The headline index has stayed above the neutral 50.0 mark for 25 months. Growth slowed to a six-month low in the services sector, while output stagnated at manufacturers.

Three out of the six sub-industries covered by the survey saw output contract at the start of the third quarter (consumer services, financial services and intermediate goods). Although upturns continued in the business services, consumer goods and investment goods categories, rates of expansion eased in all three cases.

National PMI data indicated that the slowdown was led by developed nations. US output contracted for the first time since June 2020, with downturns signalled in both the US manufacturing and services sectors. Economic activity decreased slightly in the euro area (on average) for the first time since early-2021, as contractions in Germany and Italy offset expansions (albeit slower) in France and Spain. Growth in Japan also drifted to near-stagnation.

Emerging markets showed greater resilience in comparison. Solid expansions of economic activity were signalled in China, India and Brazil. Russia saw output rise for a second month running and its quickest growth in over a year.



### Composite Index summary

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

Index	Jun-22	Jul-22	Interpretation
Output	53.5	50.8	Growth, slower rate
New Business	51.4	51.2	Growth, slower rate
New Export Business	49.3	48.0	Decline, faster rate
Future Output*	61.2	60.2	Growth expected, lower optimism
Employment	53.1	52.1	Growth, slower rate
Outstanding Business	50.2	49.2	Decline, from expanding
Input Prices	69.3	67.7	Inflation, slower rate
Output Prices	59.7	58.1	Inflation, slower rate

New business rose at the slowest pace since July 2020. A slight growth acceleration at service providers was offset by the first decrease in manufacturing new orders for over two years. New work decreased in the euro area and stagnated in Japan. There was a mild growth uptick in China, while the US returned to expansion after a decrease in June. International trade flows continued to retrench, with new export business falling at the quickest pace for 24 months.

Global employment rose for the twenty-third consecutive month in July, with job creation signalled in almost all of the nations covered by the survey (the exception being China). However, the rate of increase eased to a six-month low. The latest rise in staffing levels contributed to a reduction in backlogs of work, the first decrease in 17 months.

Average input prices rose at the slowest rate since February, while output charge inflation eased to a ten-month low. That said, rates of increase in both price measures remained well above their respective long-run averages. Business optimism eased to a 22-month low. German companies indicated that they expect their output to decline over the coming year, the first nation (apart from Russia in March 2022) covered by the survey to register a negative outlook since July 2020.

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index fell to a six-month low of 51.1 in July, down from 53.9 in June. Service sector output has now risen in each of the past 25 months. Underlying the latest expansion of activity was a further increase in new work received and a slight reduction in backlogs of work. Job creation was also registered. However, new export business contracted for the second month in a row. Positive sentiment also dipped to a 22-month low.

Price inflationary pressures eased in July. Input costs and output charges rose at the slowest rates since February 2022 and September 2021 respectively. Increases signalled for both price measures remained substantially higher (on average) for developed nations compared to emerging markets.

**Services Index summary**

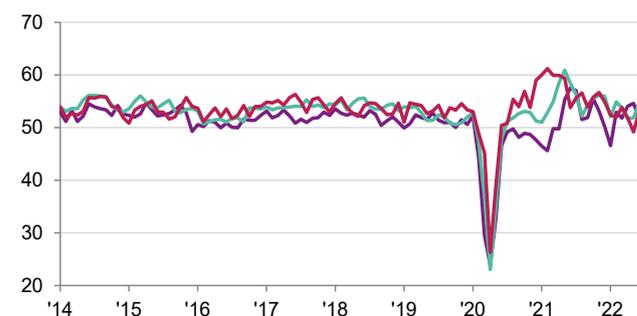
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Jun-22	Jul-22	Interpretation
Business Activity	53.9	51.1	Growth, slower rate
New Business	51.9	52.0	Growth, faster rate
New Export Business	48.5	48.2	Decline, faster rate
Future Activity*	61.9	60.8	Growth expected, lower optimism
Employment	53.8	52.7	Growth, slower rate
Outstanding Business	50.3	49.0	Decline, from expanding
Input Prices	69.5	68.4	Inflation, slower rate
Prices Charged	59.4	58.0	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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**Comment**

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

*“The J.P. Morgan Global PMI Composite Output Index dropped 2.7pts In July, coming in at a two-year low of 50.8. Declines in survey details such as new orders, employment and future output also highlight the current weakness of the economic cycle as recession risks continue to build. While the July survey provides further signs of inflationary pressures moderating, this mainly reflects softer demand.”*

**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.

**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](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	Kairos commodities
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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