

## MARKET SENSITIVE INFORMATION

Embargoed until 0945 EDT (1345 UTC) 21 June 2024

# S&P Global Flash US Composite PMI<sup>®</sup>

## Output growth hits 26-month high in June, price pressures cool

### Key findings:

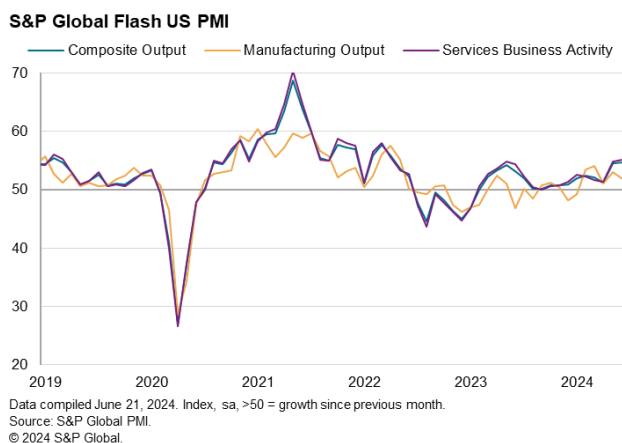
Flash US PMI Composite Output Index<sup>(1)</sup> at 54.6 (May: 54.5). 26-month high.

Flash US Services Business Activity Index<sup>(2)</sup> at 55.1 (May: 54.8). 26-month high.

Flash US Manufacturing Output Index<sup>(4)</sup> at 51.9 (May: 53.0). 2-month low.

Flash US Manufacturing PMI<sup>(3)</sup> at 51.7 (May: 51.3). 3-month high.

Data were collected 12-20 June 2024.



### Overview

US business activity growth accelerated to its fastest for 26 months in June, according to provisional PMI survey data from S&P Global, signalling a strong end to the second quarter. The service sector led the upturn with additional support from manufacturing, albeit with the latter's recent revival losing some momentum.

Improved business confidence for the year ahead, notably in the service sector, as well as renewed pressure on operating capacity from rising demand, meanwhile encouraged firms to boost payroll numbers for the first time in three months.

The survey's gauge of selling price inflation meanwhile fell, linked to slower growth of input costs, to point to a moderation of inflationary pressures.

### Output and demand

The headline S&P Global Flash US PMI Composite Output Index edged higher from 54.5 in May to 54.6 in June, its highest since April 2022. Output has now risen continually for 17 consecutive months, with the pace of expansion having improved markedly in May and June.

June's expansion was led by the service sector, where business activity grew at a rate not seen for 26 months. Services activity has now risen for 17 straight months, recovering strongly in the year to date after the near-stalled picture seen in late 2023, buoyed by rising demand. Inflows of new work into the service sector rose at the sharpest rate for a year in June, driven mainly by rising domestic demand. Export orders for services, which includes spending by non-residents in the US, meanwhile fell at the slowest rate seen over the past five months.

The sustained services sector upturn was accompanied by manufacturing output expanding for a fifth successive month in June, though the rate of growth of factory output slowed to the second-weakest seen over this period. While new order inflows hit a three-month high to indicate a modest firming of demand growth, the overall rise remained below that seen earlier in the year, in part due to only marginal growth of export orders.

### Future sentiment

Optimism about output in the year ahead edged up to a three-month high in June, running only marginally below the survey's long-run average. Future prospects brightened in the service sector, reaching a five-month high and rising above the long-run average to signal relatively elevated levels of optimism. Service providers often reported improved sentiment on the back of cooling cost-of-living pressures and the anticipation of lower interest rates.

However, prospects were seen to have darkened in manufacturing, with optimism sliding to its lowest for just over one-and-a-half years and running well below the long-run average. Manufacturers' commonly cited concerns over the demand environment in the months ahead as well as election-related uncertainty, notably relating to policy.

# News Release

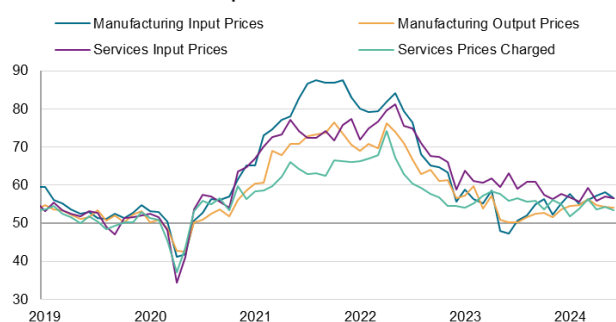
## Employment and capacity

Employment rose for the first time in three months, reviving after declines seen in April and May to register the largest gain for nine months. Service sector payrolls rose to the greatest extent for five months, helping reverse some of the declines seen in the sector over the prior two months, and manufacturing payrolls were increased at the sharpest rate for 21 months.

Despite the rise in employment, backlogs of work rose for the first time since January. Higher backlogs were often blamed on insufficient capacity relative to demand growth, especially in the service sector. These higher backlogs were in turn often associated with labor supply difficulties, which continued to thwart hiring in some cases.

## Prices

S&P Global Flash US PMI price indices



Data compiled June 21, 2024. Index, sa, >50 = inflation since previous month  
Source: S&P Global PMI.  
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Selling price inflation cooled to a five-month low in June, though continued to run above pre-pandemic ten-year averages in both manufacturing and services to point to some stubbornness of price pressures. The rate of increase nevertheless fell to a five-month low in the services sector, where the rise was among the lowest seen over the past four years, and a six-month low in manufacturing.

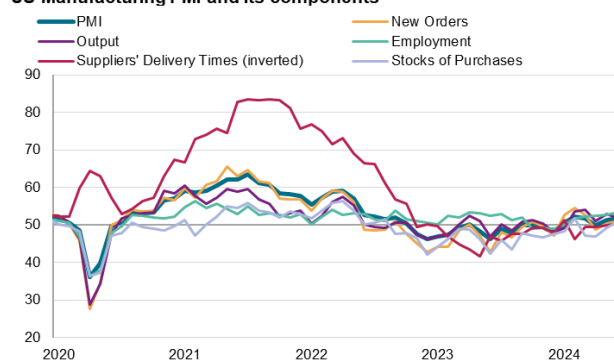
Input price inflation also slowed, having ticked higher in May, running below the average seen over the past year (albeit still above the pre-pandemic ten-year average) to hint at a modest cooling trend of cost growth. Rates of input cost inflation moderated in both manufacturing and services. Manufacturers commonly reported higher raw material costs related to shipping, with supplier delivery times also lengthening (albeit only marginally) for the first time in five months to hint at some supply chain pressures, while wage growth remained a major driver of higher costs in the service sector.

## Manufacturing PMI

The S&P Global Flash US Manufacturing PMI rose from 51.3 in May to 51.7 in June to signal an improvement in business conditions within the goods-producing sector for a second successive month, and for the fifth time in the past six months. Although below readings seen in February and March, the latest PMI is the third-highest recorded over the past 21 months.

New orders and employment made increasingly positive contributions to the PMI compared to May, and suppliers' delivery times and inventories moved from being drags to providing positive support to the PMI. The positive contribution from production moderated, however, offsetting some of the gains from the other four components.

US Manufacturing PMI and its components



Data compiled June 21, 2024. Index, sa, >50 = improvement since previous month.  
Source: S&P Global PMI.  
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## Comment

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

*"The early PMI data signal the fastest economic expansion for over two years in June, hinting at an encouragingly robust end to the second quarter while at the same time inflation pressures have cooled."*

*"The PMI is running at a level broadly consistent with the economy growing at an annualized rate of just under 2.5%. The upturn is broad-based, as rising demand continues to filter through the economy. Although led by the service sector, reflecting strong domestic spending, the expansion is being supported by an ongoing recovery in manufacturing, which so far this year is enjoying its best growth spell for two years."*

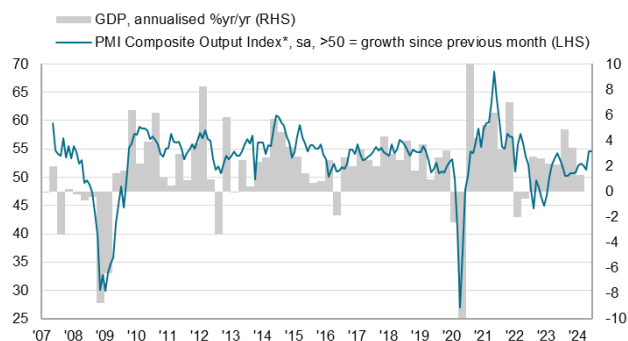
*"The survey also brings welcome news in terms of job gains, with a renewed appetite to hire being driven by improved business optimism about the outlook."*

*"Selling price inflation has meanwhile cooled again after ticking higher in May, down to one of the lowest levels seen over the past four years. Historical comparisons indicate*

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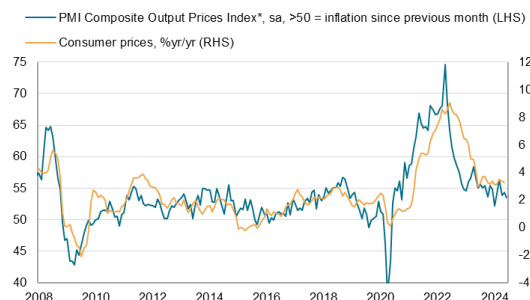
that the latest decline brings the survey's price gauge into line with the Fed's 2% inflation target."

## 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.  
© 2024 S&P Global. \*PMI Manufacturing Output Index May '07- Sep '09.

## S&P Global Flash US PMI vs inflation



Data compiled June 21, 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 June data are published on 1 July for manufacturing and 3 July for services and composite indicators.

The US PMI® (Purchasing Managers' Index™) is produced by S&P Global and is based on original survey data collected from a representative panel of around 800 companies based in the US manufacturing and service sectors. The flash estimate is based on around 85% of total PMI survey responses each month and is designed to provide an accurate advance indication of the final PMI data.

The average differences between the flash and final *PMI* index values (final minus flash) since comparisons were first available in October 2009 are as follows (differences in absolute terms provide the better indication of true variation while average differences provide a better indication of any bias):

Index	Average difference	Average difference in absolute terms
Composite Output Index <sup>1</sup>	0.1	0.4
Manufacturing <i>PMI</i> <sup>2</sup>	0.0	0.3
Services Business Activity Index <sup>2</sup>	0.1	0.4

The *Purchasing Managers' Index*™ (*PMI*®) survey methodology has developed an outstanding reputation for providing the most up-to-date possible indication of what is really happening in the private sector economy by tracking variables such as sales, employment, inventories and prices. The indices are widely used by businesses, governments and economic analysts in financial institutions to help better understand business conditions and guide corporate and investment strategy. In particular, central banks in many countries (including the European Central Bank) use the data to help make interest rate decisions. *PMI*™ surveys are the first indicators of economic conditions published each month and are therefore available well ahead of comparable data produced by government bodies.

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](mailto: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 *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.
4. 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?"

# News Release

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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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