

MARKET SENSITIVE INFORMATION

Embargoed until 0945 EDT (1345 UTC) 23 May 2024

S&P Global Flash US Composite PMI[®]

Output grows at fastest rate for over two years in May

Key findings:

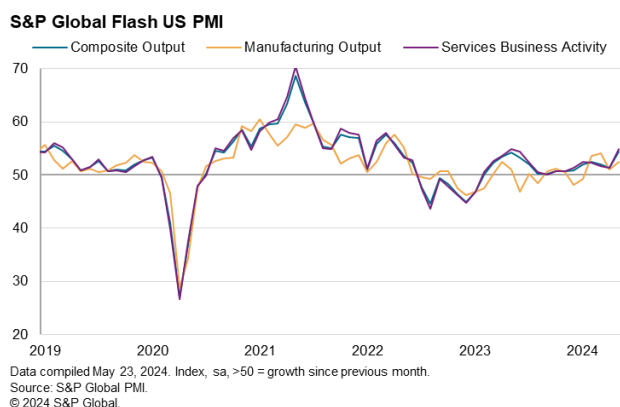
Flash US PMI Composite Output Index⁽¹⁾ at 54.4 (April: 51.3). 25-month high.

Flash US Services Business Activity Index⁽²⁾ at 54.8 (April: 51.3). 12-month high.

Flash US Manufacturing Output Index⁽⁴⁾ at 52.4 (April: 51.1). 2-month high.

Flash US Manufacturing PMI⁽³⁾ at 50.9 (April: 50.0). 2-month high.

Data were collected 10-22 May 2024.



Overview

US business activity growth accelerated sharply to its fastest for just over two years in May, according to provisional PMI survey data from S&P Global, signalling an improved economic performance midway through the second quarter. The service sector led the upturn, reporting the largest output rise for a year, but manufacturing also showed stronger growth.

Although companies continued to report lower employment, the rate of job losses moderated amid improved business confidence for the year ahead and higher order book intakes.

Both input costs and output prices meanwhile rose at faster rates, with manufacturing having taken over as the main source of price growth over the past two months. However, the overall rate of selling price inflation remained below the average seen over the past year.

Output and demand

The headline S&P Global Flash US PMI Composite Output Index rose sharply from 51.3 in April to 54.4 in May, its highest since April 2022. The 3.1 index point rise (the largest gain for 15 months) signals a marked acceleration of growth midway through the second quarter. Output has now risen continually for 16 consecutive months, with May's acceleration contrasting with the slowdown seen in March and April.

May's improved performance was led by the service sector, where business activity surged higher to register the fastest growth for a year, reversing the slowdown seen over the prior three months. Services activity has now risen for 16 straight months. Inflows of new work into the service sector also picked up, having slipped into decline in April, registering one of the strongest gains seen over the past year, though demand was again subdued by a further fall in services exports.

The services sector upturn was accompanied by manufacturing output also expanding at an increased pace in May. Factory production rose for a fourth consecutive month. The latest output gain was still lower than seen earlier in the year, however, thanks to a weaker new orders performance compared to that seen at the start of the year. New orders received by factories declined for the second month running, but at only a marginal pace amid the largest export gain for two years.

Optimism about output in the year ahead lifted higher in both manufacturing and services in response to brighter business prospects, the latter in turn often linked to expansion plans, new products and increased marketing. Customers were also reported to have likewise become more optimistic.

However, although future output expectations improved from April's five-month low, levels of confidence remained below long-run averages in both sectors. Companies continued to report uncertainty about the economic outlook given the possibility of higher-for-longer interest rates, upcoming elections, and wider geopolitical uncertainties.

PMI[™]

by **S&P Global**

News Release

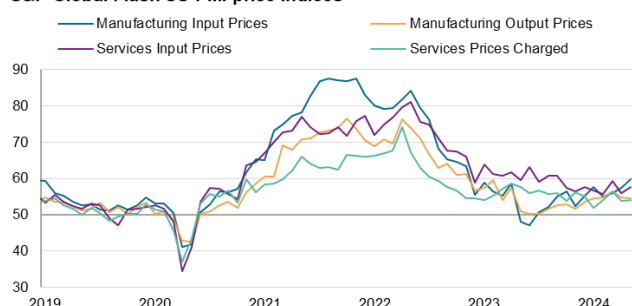
Employment

Employment fell for a second successive month in May, contrasting with the continual hiring trend seen over the prior 45 months. The overall reduction in workforce numbers was only very marginal, however, and less than witnessed in April, as an upturn in manufacturing payrolls was accompanied by a slower rate of job shedding in services.

While factory jobs grew at the fastest rate for ten months in May, buoyed by rising order books and improved business prospects, services employment has now fallen for two successive months, albeit in part due to staff shortages.

Prices

S&P Global Flash US PMI price indices



Data compiled May 23, 2024. Index, sa, >50 = inflation since previous month
Source: S&P Global PMI.
© 2024 S&P Global.

Input prices continued to rise sharply in May, the rate of inflation accelerating to register the second-largest monthly increase seen over the past eight months. Manufacturers reported an especially steep increase, suffering the largest cost rise for one-and-a-half years amid reports of higher supplier prices for a wide variety of inputs, including metals, chemicals, plastics, and timber-based products, as well as higher energy and labor costs. Service sector costs also rose at an increased rate, reflecting higher staffing costs in particular.

Companies again sought to pass higher costs onto customers in the form of higher selling prices, the rate of increase of which accelerated slightly compared to April. However, although still elevated by pre-pandemic standards, the rate of inflation across both goods and services remained below the average recorded over the past year.

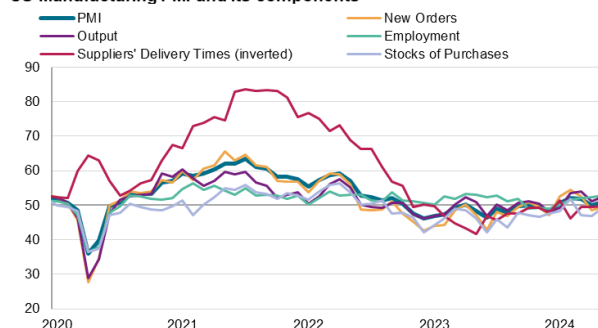
Manufacturing PMI

The S&P Global Flash US Manufacturing PMI rose from 50.0 in April to 50.9 in May to signal an overall modest improvement in business conditions within the goods-producing sector. Although below readings seen in February and March, the latest PMI is the third-highest recorded over the past 20 months.

Both output and employment made increasingly positive contributions to the PMI compared to April, while the drags from new orders and stocks of purchases components moderated.

Suppliers' delivery times quickened marginally on average during the month, indicating less busy suppliers and hence acting as a further minor drag on the PMI.

US Manufacturing PMI and its components



Data compiled May 23, 2024. Index, sa, >50 = improvement since previous month.
Source: S&P Global PMI.
© 2024 S&P Global.

Comment

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

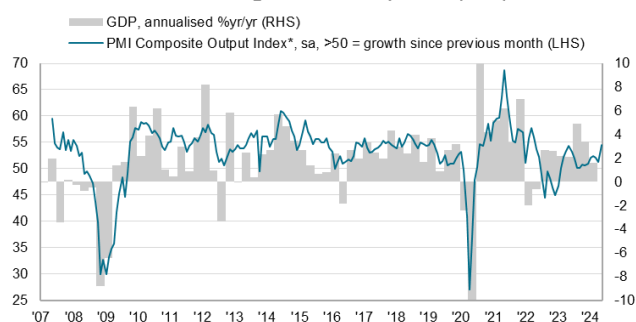
"The US economic upturn has accelerated again after two months of slower growth, with the early PMI data signalling the fastest expansion for just over two years in May. The data put the US economy back on course for another solid GDP gain in the second quarter.

"Not only has output risen in response to renewed order book growth, but business confidence has lifted higher to signal brighter prospects for the year ahead. However, companies remain cautious with respect to the economic outlook amid uncertainty over the future path of inflation and interest rates, and continue to cite worries over geopolitical instabilities and the presidential election.

"Selling price inflation has meanwhile ticked higher and continues to signal modestly above-target inflation. What's interesting is that the main inflationary impetus is now coming from manufacturing rather than services, meaning rates of inflation for costs and selling prices are now somewhat elevated by pre-pandemic standards in both sectors to suggest that the final mile down to the Fed's 2% target still seems elusive."

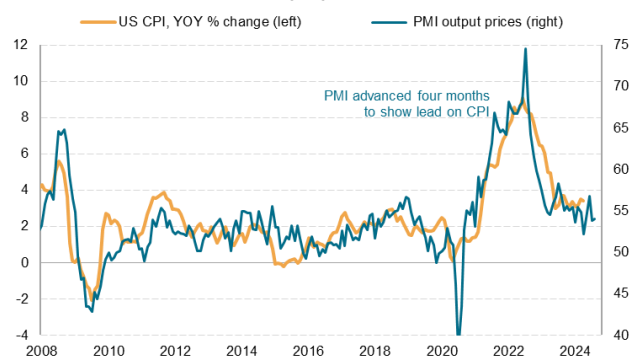
News Release

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.

US inflation and the flash PMI output prices index



Data compiled May 23, 2024.
PMI covers manufacturing only prior to 2009 but manufacturing & services thereafter.
Source: S&P Global PMI, BEA via S&P Global Market Intelligence.
© 2024 S&P Global.

Contact

S&P Global Market Intelligence

Chris Williamson
Chief Business Economist
S&P Global Market Intelligence
Telephone +44-779-5555-061
Email: chris.williamson@spglobal.com

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

Notes to editors

Final May data are published on 3 June for manufacturing and 5 June 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 ¹	0.1	0.4
Manufacturing <i>PMI</i> ²	0.0	0.3
Services Business Activity Index ²	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.

Notes

- The Composite Output *PMI* is a weighted average of the Manufacturing Output Index and the Services Business Activity Index.
- 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?"
- 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.
- 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

S&P Global (NYSE: SPGI)

S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today.

S&P Global is a registered trademark of S&P Global Ltd. and/or its affiliates. All other company and product names may be trademarks of their respective owners © 2024 S&P Global Ltd. All rights reserved. www.spglobal.com

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.

www.spglobal.com/marketintelligence/en/mi/products/pmi.html

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

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("Data") contained herein, any errors, inaccuracies, omissions or delays in the Data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the Data. Purchasing Managers' Index™ and PMI® are either trade marks or registered trade marks of S&P Global Inc or licensed to S&P Global Inc and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.

PMI™

by **S&P Global**