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J.P.Morgan Global Composite PMI™

Global economic growth eases at end of quarter one

Key findings

Rates of output expansion ease at manufacturers and service providers

Backlogs of work expand at quickest pace in 18 years, led by developed markets

Price inflationary pressures accelerate

The global economic upturn lost a little traction at the end of the first quarter, with March seeing rates of expansion in output and new orders ease and new export business contract. Rising inflationary pressures, stretched supply chains and geopolitical tensions also stymied growth and hit confidence. Business optimism dipped to a 15-month low, but the rate of job creation matched the highest registered since the end of 2007.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – posted 52.7 in March, down from 53.5 in February. The index has signalled growth in each of the past 21 months.

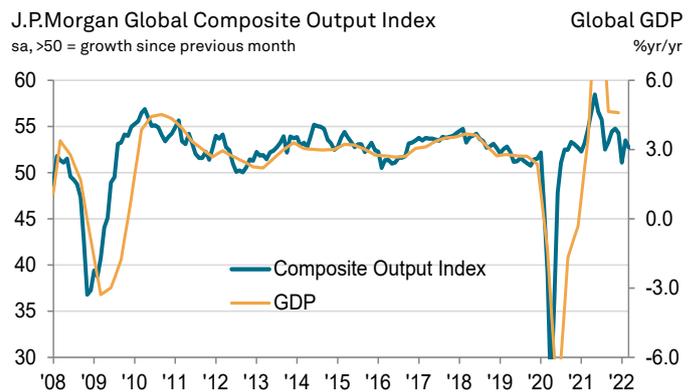
Please note that due to a later-than-usual release date, March manufacturing data for India were not available for inclusion in the global numbers.

Output growth slowed in both the manufacturing and service sectors. The upturn in the latter continued to outperform the former, as manufacturing production rose at the weakest pace during its current 21-month sequence of increase.

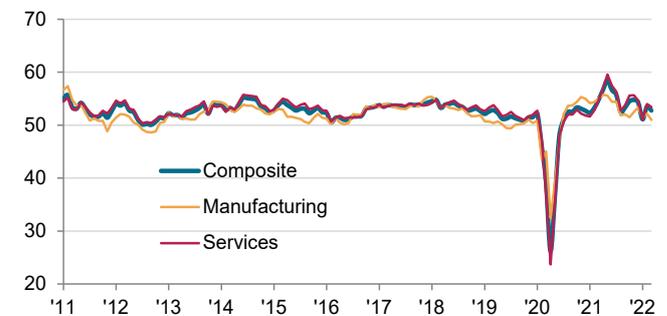
All six of the sub-sectors covered by the survey saw economic activity increase during March. However, four saw their rates of expansion slow (business services, consumer services, intermediate and investment goods), with growth easing to near-stagnation in the intermediate goods and investment goods categories. Consumer goods and financial services both registered quicker rates of increase.

National PMI data signalled a broad-based expansion of economic activity, with 11 of the 14 countries for which March data were available registering an increase. The steepest growth was in Ireland, the UK and the US. Although Japan only saw a slight increase, this was an improvement on the declines in the prior two months. China, Russia and Kazakhstan were the only nations to register contractions.

The level of incoming new business increased for the twenty-first successive month in March. The slowdown was centred



■ Composite Output Index
■ Manufacturing Output Index
■ Services Business Activity Index
sa, >50 = growth since previous month



Composite Index summary

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

Index	Feb-22	Mar-22	Interpretation
Output	53.5	52.7	Growth, slower rate
New Business	54.1	53.8	Growth, slower rate
New Export Business	51.2	48.8	Decline, from rising
Future Output*	68.9	64.6	Growth expected, lesser optimism
Employment	52.6	53.4	Growth, faster rate
Outstanding Business	52.1	53.5	Growth, faster rate
Input Prices	67.6	70.5	Inflation, faster rate
Output Prices	60.0	61.4	Inflation, faster rate

on manufacturing, were new order intakes rose to the weakest extent since July 2020. In contrast, service sector new business growth accelerated to a five-month high.

March data signalled a decrease in new export business for the second time in the past three months. Moreover, the overall rate of decline was the fastest since July 2020, as a drop at manufacturers more than offset a slight increase in inflows at service providers.

Inflationary pressures intensified in March, as rates of increase in input costs and output charges accelerated. For both price measures, rates of inflation were quicker at manufacturers than service providers. Rates of increase were also (on average) steeper in developed nations than in emerging markets.

Employment increased for the nineteenth consecutive month in March, with the rate of jobs growth the joint-strongest since December 2007. Staffing levels were raised in the US, the euro area, China, Japan, the UK, Brazil and Australia. Job losses were registered in India, Russia and Kazakhstan.

Part of the increase in employment was to address rising backlogs of work, which expanded to the greatest extent for almost 18 years. Growth was seen in both the manufacturing and service sectors. The rate of expansion hit a series-record high for developed nations, while outstanding business edged higher (on average) in emerging markets following a five-month sequence of decline.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index posted 53.4 in March, down slightly from 54.0 in February, indicating growth for the twenty-first month in a row. Higher levels of business activity were underpinned by rising intakes of new work, increased export orders and growth of backlogs of work. Jobs growth picked up to the fastest since December 2007. Rates of increase in input prices and output charges accelerated.

Comment

Olya Borichevska, Global Economist at J.P.Morgan, said: *“The March PMI surveys signaled a slight loss of growth momentum for the global economy, with the headline output index falling 0.8pts to 52.7. Beneath the headline decline, today’s surveys highlight cross-currents impacting the global economy. The end of the Omicron wave across much of the DM is allowing for activity to rebound and this is shown by the rise in the DM services PMI. By contrast, the virus outbreak in China has resulted in a large decline in China’s PMI index. In Russia, the PMI collapsed on domestic developments stemming from the war in Ukraine.”*

Services Index summary

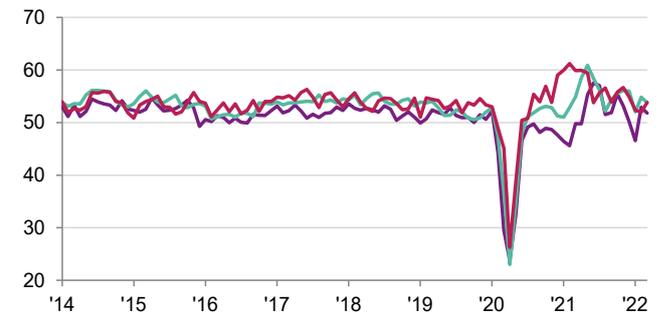
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Feb-22	Mar-22	Interpretation
Business Activity	54.0	53.4	Growth, slower rate
New Business	54.3	54.6	Growth, faster rate
New Export Business	51.8	50.5	Growth, slower rate
Future Activity*	69.8	65.3	Growth expected, lesser optimism
Employment	52.9	53.9	Growth, faster rate
Outstanding Business	51.8	53.8	Growth, faster rate
Input Prices	67.3	70.2	Inflation, faster rate
Prices Charged	59.6	61.0	Inflation, faster rate

Business Activity Index

- Consumer Services
- Business Services
- Financial Services

sa, >50 = growth since previous month



Sources: J.P.Morgan, S&P Global.

Contact

Olya Borichevska
 Economic & Policy Research
 J.P.Morgan Chase Bank
 New York
olya.e.borichevska@jpmorgan.com

Joanna Vickers
 Corporate Communications
 S&P Global
 T: +44 207 260 2234
joanna.vickers@spglobal.com

Rob Dobson
 Director
 S&P Global
 T: +44 1491 461 095
rob.dobson@spglobal.com

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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.

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.

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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

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

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.

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 ¹ *	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 ²	S&P Global / ISM	–
Vietnam	S&P Global	–

*Indices calculated from manufacturing responses extracted from survey panels covering the entire private sector economy.

¹Hong Kong is a Special Administrative Region of China.

²US data compiled by ISM pre-February 2010 and by S&P Global post-January 2010.

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