J.P. Morgan Global Composite PMI™

Global economic growth slips to 22-month low following steep downturn in China

Key findings
Rates of output and new order growth ease
Average output prices rise at record pace following near-record increase in costs
Back-to-back falls in new export business

The rate of global economic expansion eased to its weakest during the current 22-month sequence of increase in April, as slower growth of new orders and declining international trade flows stymied the upturn. Inflationary pressures built, as a near-record increase in input costs drove up output charges to the greatest extent in the survey history.

Please note that due to later-than-usual release dates, April manufacturing data for Greece, Indonesia, Ireland, Kazakhstan, Malaysia, Russia, Thailand, Turkey, the United Kingdom and Vietnam were not available for inclusion in the global numbers. Services data for Japan and Russia were also unavailable for inclusion.

The J.P. Morgan Global Composite Output Index – produced by J.P. Morgan and S&P Global in association with ISM and IFPSM – posted 51.0 in April, down from 52.7 in March. The outlook also became more subdued, with business optimism slipping to a 19-month low.

Growth of service sector business activity eased to a three-month low, as slower upturns in the business and financial services sectors more than offset an acceleration at consumer service providers. Global manufacturing production fell for the first time since June 2020, reflecting decreases across the consumer, intermediate and investment goods industries (the first concurrent contraction since June 2020).

National PMI data indicated that the slowdown in output growth was largely centred on China, where economic activity contracted at the fastest pace since February 2020. Steep drops were registered in both Chinese manufacturing production and service sector activity, largely due to the reimposition of COVID restrictions in several cities. In contrast, the euro area, India, Brazil and Australia all saw faster growth, while the strong upturns in the US and the UK continued (albeit at slightly reduced rates of expansion).

April saw intakes of new business rise for the twenty-second successive month. However, the rate of increase eased to the joint-weakest since July 2020. Alongside subdued conditions
in several domestic markets, the decrease in total new work also reflected a further dip in international trade.

New export orders fell for the second month running and at a pace of contraction matching March’s 20-month record. Capacity constraints across several pockets of the global economy combined with ongoing supply and distribution issues meant current demand was still sufficient to cause backlogs of work. Outstanding business rose for the fourteenth month running.

Employment increased for the twentieth consecutive month in April, with jobs growth staying close to March’s 11-month high. Staffing levels were raised in the US, the euro area, the UK, India, Brazil and Australia. Job cuts were signalled in China and Kazakhstan.

Price inflationary pressures continued to build in the global economy during April. Average output charges rose at a series-record high rate, as companies passed on a further near-record increase input costs to their clients. For both price measures, rates of increase remained substantially faster (on average) in developed nations compared to their emerging market counterparts.

**Global Services Summary**

The J.P. Morgan Global Services Business Activity Index posted 51.9 in April, down from 53.4 in March, its second-lowest reading during the past 15 months. Underlying the slowdown was a deceleration of new business growth to its lowest since February 2021. Business optimism fell to a one-and-a-half year low.

The trend in employment held up better in comparison, with the rate of job creation matching March’s 14-year high. Part of the increase in staffing levels was to address ongoing capacity issues, as outstanding business rose for the thirteenth month in a row. Output charges rose at a survey-record pace, reflecting (in part) efforts to pass on a further near-record increase in input costs.

**Comment**

Olya Borichevska, Global Economist at J.P. Morgan, said:

“April saw the PMI Output Index drop by almost 2pts to its lowest level for two years, signaling a sizeable drop in the growth momentum of the global economy. However, much of this was focused in China and outside of China the global all-Industry PMI showed a much smaller 0.4-pt drop. More broadly, a lockdown-driven downturn in mainland China, the war in Ukraine and disruption caused by stretched supply chains and rising inflationary pressure have all sapped much of the vigor from the upturn. On the prices front, output charges rose to a record high rate and input costs to one of the greatest degrees on record.”

**Services Index summary**

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<th>Index</th>
<th>Mar-22</th>
<th>Apr-22</th>
<th>Interpretation</th>
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<tbody>
<tr>
<td>Business Activity</td>
<td>53.4</td>
<td>51.9</td>
<td>Growth, slower rate</td>
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<tr>
<td>New Business</td>
<td>54.7</td>
<td>52.3</td>
<td>Growth, slower rate</td>
</tr>
<tr>
<td>New Export Business</td>
<td>50.5</td>
<td>50.6</td>
<td>Growth, faster rate</td>
</tr>
<tr>
<td>Future Activity*</td>
<td>65.3</td>
<td>63.7</td>
<td>Growth expected, lesser optimism</td>
</tr>
<tr>
<td>Employment</td>
<td>53.9</td>
<td>53.9</td>
<td>Growth, same rate</td>
</tr>
<tr>
<td>Outstanding Business</td>
<td>53.8</td>
<td>53.6</td>
<td>Growth, slower rate</td>
</tr>
<tr>
<td>Input Prices</td>
<td>70.2</td>
<td>71.2</td>
<td>Inflation, faster rate</td>
</tr>
<tr>
<td>Prices Charged</td>
<td>61.0</td>
<td>63.5</td>
<td>Inflation, faster rate</td>
</tr>
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**Business Activity Index**

- **Consumer Services**
- **Business Services**
- **Financial Services**

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Survey methodology
The J.P. Morgan Global Composite PMI™ is produced by S&P Global in association ISM and IFPMS.

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), totaling 27,000 companies. These countries account for 89% of global gross domestic product (GDP)6.

For manufacturing surveys, responses are collected for the following variables: output, new orders, export orders, future output, backlog of work, employment, quantity of purchases, 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 comparable global manufacturing and services indices using global manufacturing and services indices annual value added6. Global composite indices are then calculated by weighting together comparable global manufacturing and services indices using global manufacturing and services indices annual value added6.

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 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.

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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.

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About IFPMS

The International Federation of Purchasing and Supply Management (IFPMS) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. IFPMS 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. IFPMS is a non-political, independent and non-profit oriented International Organization. www.ifpms.org

About PMI

Purchasing Managers’ Indices™ (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/pi.html.