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# J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

## Global growth slows to three-month low at end of 2021

### Key findings

J. P. Morgan Global Composite Output Index at 54.3

Output, new orders and employment all rise

Investment goods and business services sectors record strongest rates of output growth

The rate of global economic expansion slowed slightly at the end of 2021, as a weaker increase in services activity offset faster growth of manufacturing production.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – slipped to a three-month low of 54.3 in December, down from 54.8 in November. The headline index has now signalled expansion in each of the past 18 months.

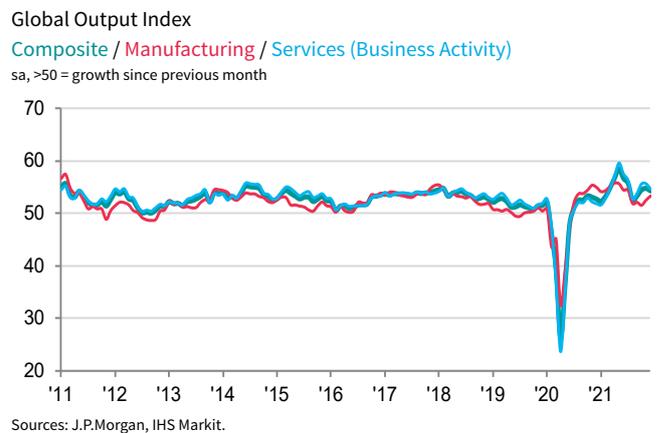
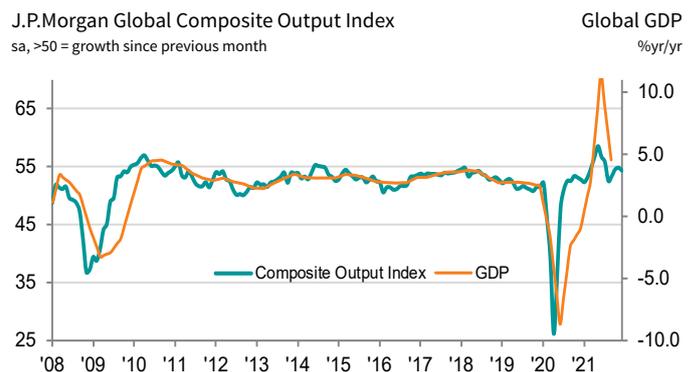
Although growth of services business activity eased to a three-month low, the sector continued to outperform its manufacturing counterpart (which nonetheless saw output growth accelerate to a five-month high).

Five out of the six sub-industries covered by the survey (consumer and intermediate goods producers and business, consumer and financial service providers) saw their rates of expansion decelerate during December. The exception was the investment goods category, where the rate of increase surged to a seven-month record – taking the sector to first position in the growth rankings. Business services was edged into second place, with an output index reading of 56.0 (a tick behind the 56.1 registered for investment goods).

Almost all of the nations covered registered economic growth during December. Signs of slowdown were widespread, however, with only one of the 12 countries where output rose (China) seeing a faster rate of expansion. The US recorded the strongest performance overall, followed by Ireland and then India. Germany was the only country to register contraction, ending a 17-month sequence of growth.

December saw the rate of increase in incoming new business remain close to that signalled in the prior survey month.

*continued on page 2...*



### Composite Index summary

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

Index	Nov-21	Dec-21	Interpretation
Output	54.8	54.3	Growth, slower rate
New Business	54.1	54.0	Growth, slower rate
New Export Business	51.4	51.1	Growth, slower rate
Future Output*	67.2	67.3	Growth expected, better optimism
Employment	52.6	51.6	Growth, slower rate
Outstanding Business	52.7	52.7	Growth, same rate
Input Prices	69.3	68.5	Inflation, slower rate
Output Prices	59.5	59.0	Inflation, slower rate

There was also a modest improvement in international trade flows, as new export business expanded for the eleventh straight month. Rising new order intakes tested capacity at both manufacturers and service providers, leading to further increases in both backlogs of work and employment.

December saw staffing levels rise for the sixteenth consecutive month, despite the rate of expansion easing to its weakest since September. Jobs growth was registered in the US, the euro area, Japan, the UK, Brazil and Australia. No change in employee numbers was signalled for China, while losses were seen in India and Russia.

Part of the increase in employment was underpinned by preparations for expected future economic growth. Companies maintained a broadly positive outlook for output levels over the coming year, with the overall degree of optimism ticking up to a six-month high. Confidence was generally more buoyant in developed nations compared their emerging market counterparts.

Price inflationary pressures showed signs of easing at the end of 2021. Although rates of increase in input costs and output charges remained well above their respective survey averages, they nonetheless slowed from recent highs. The pace of inflation signalled for both price measures remained substantially quicker in developed nations (on average) than in emerging markets.

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index fell to a three-month low of 54.6 in December. Output growth was registered for the eighteenth month running, supported by rising levels of incoming new orders (including a modest gain in new export business). Backlogs of work rose for the ninth straight month, a factor contributing to further jobs growth in the sector. Employment has now risen in each of the past 17 months. Business optimism improved to a six-month high.

Input cost and output price inflation remained elevated during December. However, in both cases rates of increase eased from recent highs.

**Services Index summary**

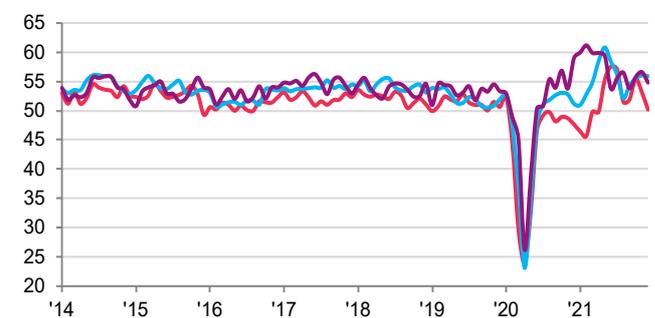
sa, >50 = no change over previous month. \*50 = no change over next 12 months.

Index	Nov-21	Dec-21	Interpretation
Business Activity	55.6	54.6	Growth, slower rate
New Business	54.5	54.2	Growth, slower rate
New Export Business	51.4	50.6	Growth, slower rate
Future Activity*	68.3	68.6	Growth expected, better optimism
Employment	53.1	51.6	Growth, slower rate
Outstanding Business	52.4	52.2	Growth, slower rate
Input Prices	68.5	68.1	Inflation, slower rate
Prices Charged	58.8	58.7	Inflation, slower rate

**Business Activity Index**

Consumer services / Business services / Financial services

sa, >50 = growth since previous month



Sources: J.P.Morgan, IHS Markit.

**Comment**

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

*“We are seeing a loss of momentum in global growth concentrated in the services sector based on the December PMIs. The Global Composite Output Index dipped 0.5pts to 54.3, as a rise in the manufacturing index was offset by a point drop in the services PMI. While manufacturing has been boosted by supply chain bottlenecks starting to moderate, services has felt the greater brunt of rising COVID cases, hurting consumer services providers in particular. The underlying dynamics of the survey still remain broadly solid.”*

## Methodology

The J.P.Morgan Global Composite PMI™ is produced by IHS Markit in association with ISM and IFPSM.

Global composite PMI indices are compiled by IHS Markit 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.

## Data sources

Country / territory <sup>1</sup>	Producer	In association with
Australia	IHS Markit	-
Austria*	IHS Markit	Unicredit Bank Austria / OPWZ
Brazil	IHS Markit	-
Canada*	IHS Markit	-
China (mainland)	IHS Markit	Caixin
Colombia*	IHS Markit	Davivienda
Czech Republic*	IHS Markit	-
Denmark*	DILF	Kairoscommodities
Egypt**	IHS Markit	-
France	IHS Markit	-
Germany	IHS Markit	BME
Greece*	IHS Markit	HPI
Hong Kong SAR <sup>1**</sup>	IHS Markit	-
Hungary*	HALPIM	-
India	IHS Markit	-
Indonesia*	IHS Markit	-
Ireland	IHS Markit	AIB
Israel*	IPLMA	Bank Hapoalim Ltd
Italy	IHS Markit	-
Japan	IHS Markit	au Jibun Bank
Kazakhstan	IHS Markit	Tengri Partners
Kenya**	IHS Markit	Stanbic Bank
Lebanon**	IHS Markit	BLOMINVEST Bank
Malaysia*	IHS Markit	-
Mexico*	IHS Markit	-
Myanmar*	IHS Markit	-
Netherlands (The)*	IHS Markit	Nevi
New Zealand*	Business NZ	Bank of New Zealand
Nigeria**	IHS Markit	Stanbic IBTC Bank
Philippines (The)*	IHS Markit	-
Poland*	IHS Markit	-
Russia	IHS Markit	-
Saudi Arabia**	IHS Markit	-
Singapore**	IHS Markit	-
South Africa**	IHS Markit	-
South Korea*	IHS Markit	-
Spain	IHS Markit	AERCE
Switzerland*	procure.ch	Credit Suisse
Taiwan*	IHS Markit	-
Thailand*	IHS Markit	-
Turkey*	IHS Markit	Istanbul Chamber of Industry
UAE**	IHS Markit	-
United Kingdom	IHS Markit	CIPS
United States <sup>2</sup>	IHS Markit / ISM	-
Vietnam*	IHS Markit	-

\*Survey coverage of manufacturing sector only

\*\*Manufacturing and services indices calculated from manufacturing and services 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 manufacturing data compiled by ISM pre-February 2010 and by IHS Markit post-January 2010. US services data compiled by ISM pre-October 2009 (non-manufacturing data) and by IHS Markit post-September 2009. ISM US non-manufacturing data also include responses from agriculture, mining, construction, utilities, wholesale, retail and public administration sectors. Where appropriate, month-on-month changes in ISM data have been applied to IHS Markit data to form a proxy back history.

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IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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## About ISM

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