PMI™
by S&P Global

January 2023

Monthly PMI Bulletin

Global downturn decelerates at the end of 2022 but outlook remains uncertain

Monthly summary

The global downturn persisted for the fifth straight month in December 2022 but at a slower rate compared to November. Underlying demand conditions deteriorated, however, with higher prices remaining a key dampener on spending despite signs of cooling inflationary pressures.

The J.P.Morgan Global Composite Output Index – produced by S&P Global – posted 48.2 in December, up from 48.0 in November. This marked the fifth consecutive month of global contraction, albeit at a slower pace compared to November.

The deceleration of the global contraction was supported by improving supply conditions in December, especially in the manufacturing sector. Fewer incidences of supply delays were reported by panel members, with reduced energy market concerns also playing a role. However, the outlook remains uncertain, with weak demand conditions remaining at the heart of the slowdown. Global new orders lowered for a fifth month in December, dropping at the steepest rate since 2009, barring pandemic lows, boding ill for output in the coming months.

Meanwhile despite the easing of supply constraints, price pressures remained severe enough to draw concerns, with the number of companies reporting higher prices to have caused a drop in orders spiking to an all-time survey high. These price concerns included central bankers who remain in pursuit of inflation, now focusing on sticky service sector cost increases. This suggest that the double whammy of tightening financial conditions and wilting demand may persist into the start of 2023.

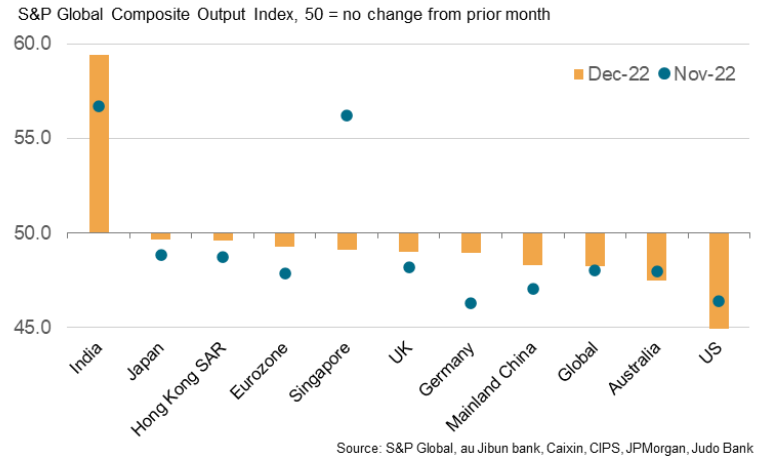
In short, our key takeaways from the December 2022 PMI are:

1) Supply delays and energy market constraints have further alleviated, leading to a shallower decline in global output at the end of 2022.

2) That said, weak demand conditions continue to pose threats to any recovery in the near term, with new orders falling at a rate not seen since 2009 in December if pandemic lockdowns months are excluded.

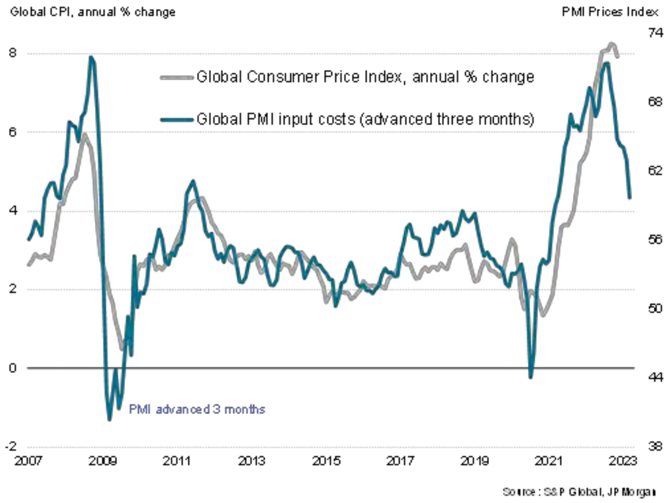
3) Despite policies taking effect, businesses continued to find demand weighed by high prices and this had equally captured the attention of central bankers with further tightening of monetary policy conditions expected in a contractionary environment

Regional comparisons



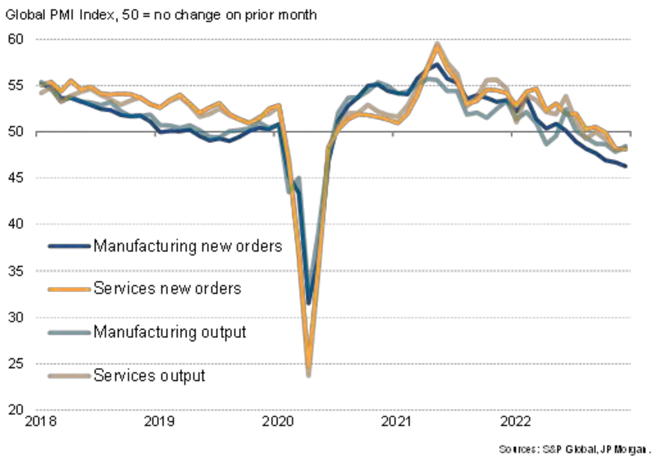
The Good, the Bad and the Ugly | Key PMI developments

The Good: Inflationary pressures falling through the year-end



- The cooling of global inflationary pressures continued into the final month of 2022 with global PMI input costs rising at the slowest rate for two years, sustaining the declining trend from the peak in April 2022. Output price inflation likewise dipped, easing to the lowest since February 2021.
- To a large extend, the softening of demand conditions underpinned the improvement in supply, which resulted in the moderating of price pressures. Specifically, goods producers saw the incidence of longer supplier delivery times fall to the lowest since January 2020, just prior to the pandemic. (Link to article)
- The implication from a decline in global PMI input prices is one of lower worldwide consumer price inflation expected in the coming months, as shown by the correlation chart above. That said, there is still a delay expected for CPI to return to the long-run average level amid persistently high service sector inflation in particular.

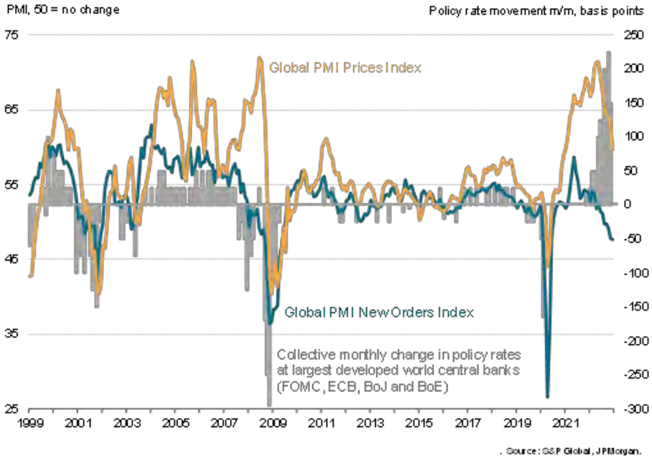
The Bad: Prices are still too high



− Despite price pressures easing, demand remained adversely affected by elevated prices. Data from the PMI Comment Tracker dataset revealed that the most commonly cited cause of the downturn around the world was a weakening of demand due to higher prices. The number of companies reporting as such had also been the highest recorded since data was first available in 2005, running at over six-times the long-run average. This reflected the degree to which higher prices evolved to be of concern for businesses and consumers alike despite easing price increases. (Link to article)

− To some extent, the current backdrop of deteriorating economic conditions may have also contributed to price-sensitivity and may lead to further abating of price pressures for firms to acquire sales via discounting. Conversely, any persistent hike in prices could see a further erosion of demand and output in the months to follow.

The Ugly: Hiking into a slowdown

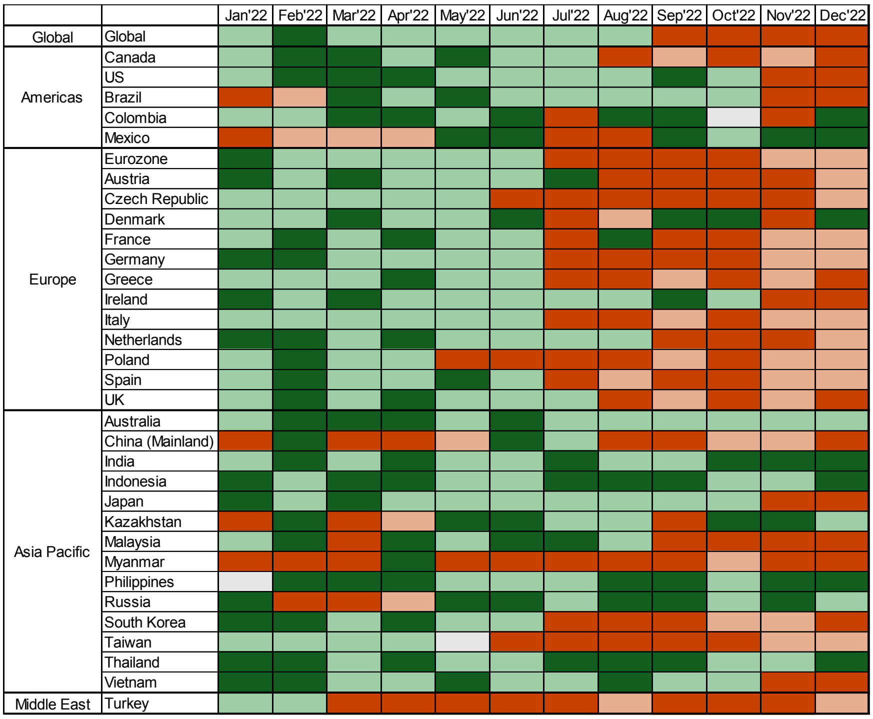


− While demand and output continued to deteriorate according to the latest PMI indications, central bankers, especially in the US, are expected to continue hiking into the start of 2023 thereby further dampening demand conditions in the new year.

− Even with the easing of COVID-19 restrictions in mainland China, set to provide a boost to growth, there remains risks to a global recession in 2023.

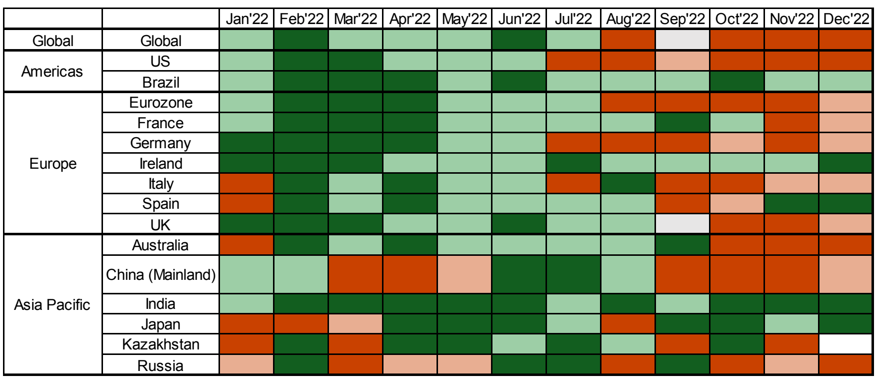
Global PMI heatmap

Manufacturing



Source: S&P Global in association with relevant sponsors.

Services



Source: S&P Global in association with relevant sponsors

Manufacturing indices
Output*
New orders*
New export orders
Backlogs of work
Employment*
Input prices
Output prices
Future expectations
Quantity of purchases
Suppliers' delivery times*
Stocks of purchases*
Stocks of finished goods

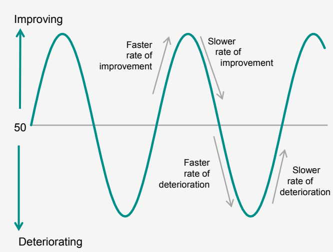
*PMI components

Services indices
Business activity
New business
New export orders
Outstanding business
Employment
Input costs
Prices charged
Future expectations

Read more about the headline PMI™ and its subindices here.

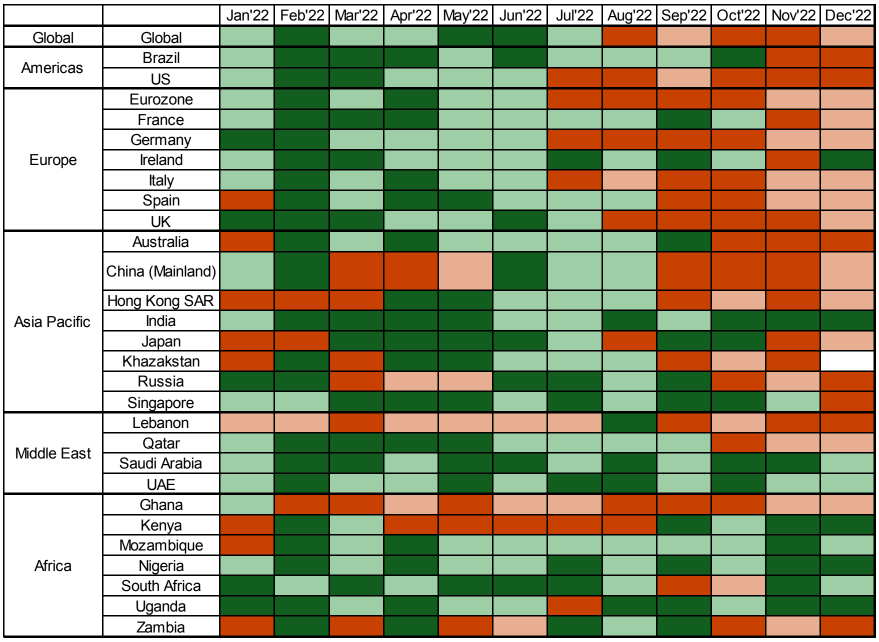
Key:

Improving at a faster rate	
Improving at a slower rate	
At neutral 50.0 mark	
Deteriorating at a slower rate	
Deteriorating at a faster rate	



To receive underlying PMI data, please contact:
economics@ihsmarkit.com

Composite / Whole Economy



Source: S&P Global in association with relevant sponsors

Composite indices comprise:

Output/business activity
New business
New export orders
Outstanding business
Employment
Input costs
Output prices
Future expectations

Read more about the headline PMI™ and its subindices [here](#).

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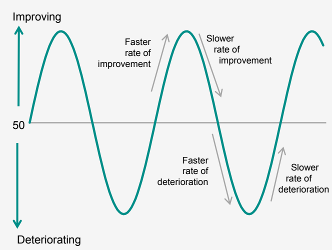

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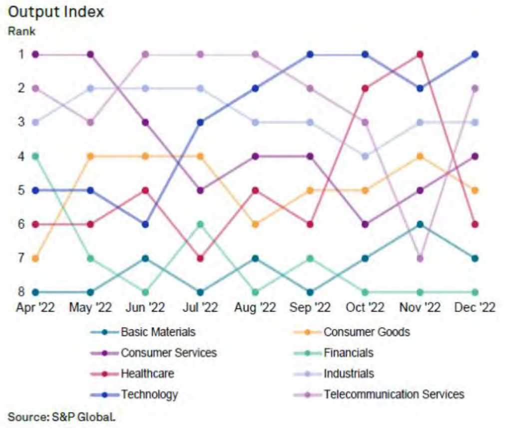
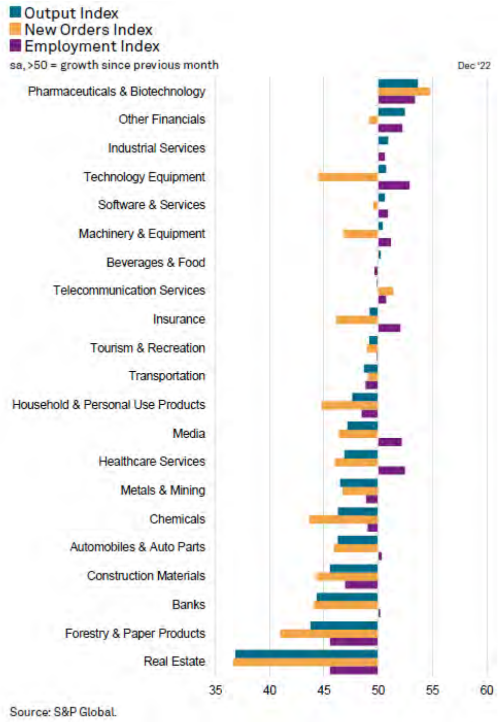
Global Sector PMI

Latest S&P Global Sector PMI™ data signalled persistent and widespread reductions in business activity across the majority of sectors tracked November. The downturn remained led by *Financials* amongst the **eight industry groups** tracked, which was especially sharp in the US. *Technology took over from Healthcare* to lead the pack and was the only industry group in expansion.



Meanwhile **amongst the sectors**, *Real Estate* continued to struggle most in the current tighter financial environment. *Pharmaceuticals & Biotechnology* led the 21 categories below, followed by *Other Financials.*



For more global sector PMI details, please visit here or contact economics@ihsmarkit.com to receive underlying PMI data.

Sector data is also available for US, Europe and Asia. Read more about using PMI data in active investment strategies here.

Recent PMI and economic analysis from S&P Global Market Intelligence

Global	Eurozone manufacturing downturn helps cool inflationary pressures	4-Jan	Chris Williamson
	Flash PMI data signal worsening developed market economic growth, but also point to a further sharp cooling of price pressures	16-Dec	Chris Williamson
	PMI surveys show emerging markets outperforming global benchmarks in November but trend deteriorating	15-Dec	Joseph Hayes
	Global Autos production slumps in November amid declining demand	15-Dec	Laura Denman
	Global employment trend softens in November but labour shortages and hiring challenges support continued jobs growth	9-Dec	Andrew Harker, Joseph Hayes, Pollyanna De Lima
	Global sector data reveal broadening slowdown with financial services leading the downturn	7-Dec	Jingyi Pan
	Monthly PMI Bulletin: December 2022	7-Dec	Jingyi Pan
	Global manufacturing PMI signals further steep worldwide trade slump in November	2-Dec	Chris Williamson
EMEA	Eurozone recession fears ease as flash PMI signals slower rate of contraction for second month	16-Dec	Chris Williamson
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	Recruitment downturn signals cooling wage growth in UK	12-Dec	Chris Williamson
US	Flash PMI survey data signal growing impact from rate hikes on economy and inflation	16-Dec	Chris Williamson
	Expectations of further Fed tightening in December, as PMI survey data suggest policy is helping cool inflation and reduce demand	9-Dec	Chris Williamson
APAC	ASEAN manufacturing outlook for 2023 softens as demand remains lacklustre	4-Jan	Jingyi Pan
	Asia PMI indicates region slipping further into contraction ahead of 2023 arrival	12-Dec	Jingyi Pan

For PMI use-case illustrations, visit our use-case library.

Release calendar

UTC	Local			Product
10 Jan 15:00	10 Jan 10:00	UTC-5	EST	US Investment Manager Index
23 Jan 22:00	24 Jan 09:00	UTC+11	AEDT	Flash Australia PMI*
24 Jan 00:30	24 Jan 09:30	UTC+9	JST	Flash Japan PMI*
24 Jan 08:15	24 Jan 09:15	UTC+1	CET	Flash France PMI*
24 Jan 08:30	24 Jan 09:30	UTC+1	CET	Flash Germany PMI*
24 Jan 09:00	24 Jan 10:00	UTC+1	CET	Flash Eurozone PMI*
24 Jan 09:30	24 Jan 09:30	UTC	GMT	Flash UK PMI*
24 Jan 14:45	24 Jan 09:45	UTC-5	EST	Flash US PMI*
27 Jan 09:00	27 Jan 10:00	UTC+1	CET	Austria Manufacturing PMI
31 Jan 22:00	01 Feb 09:00	UTC+11	AEDT	Australia Manufacturing PMI
01 Feb 00:30	01 Feb 07:00	UTC+6.5	MMT	Myanmar Manufacturing PMI
01 Feb 00:30	01 Feb 07:30	UTC+7	WIB	Indonesia Manufacturing PMI
01 Feb 00:30	01 Feb 09:30	UTC+9	KST	South Korea Manufacturing PMI
01 Feb 00:30	01 Feb 08:30	UTC+8	PHT	Philippines Manufacturing PMI
01 Feb 00:30	01 Feb 08:30	UTC+8	CST	Taiwan Manufacturing PMI
01 Feb 00:30	01 Feb 08:30	UTC+8	MYT	Malaysia Manufacturing PMI
01 Feb 00:30	01 Feb 07:30	UTC+7	ICT	Vietnam Manufacturing PMI
01 Feb 00:30	01 Feb 09:30	UTC+9	JST	Japan Manufacturing PMI
01 Feb 00:30	01 Feb 07:30	UTC+7	ICT	Thailand Manufacturing PMI
01 Feb 00:30	01 Feb 07:30	UTC+7	ICT	ASEAN Manufacturing PMI
01 Feb 01:01	01 Feb 01:01	UTC	GMT	Ireland Manufacturing PMI
01 Feb 01:45	01 Feb 09:45	UTC+8	CST	China General Manufacturing PMI
01 Feb 05:00	01 Feb 10:30	UTC+5.5	IST	India Manufacturing PMI
01 Feb 06:00	01 Feb 09:00	UTC+3	MSK	Russia Manufacturing PMI
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06 Feb 09:30	06 Feb 09:30	UTC	GMT	Global Sector PMI
07 Feb 07:00	07 Feb 07:00	UTC	GMT	UK House Price Index
07 Feb 09:00	07 Feb 09:00	UTC	GMT	Global Aluminium Users PMI
07 Feb 09:00	07 Feb 09:00	UTC	GMT	Global Copper Users PMI
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08 Feb 01:01	08 Feb 01:01	UTC	GMT	UK & English Regions Report on Jobs
08 Feb 01:01	08 Feb 01:01	UTC	GMT	Scotland Report on Jobs
09 Feb 04:15	09 Feb 08:15	UTC+4	GST	Dubai PMI
13 Feb 00:01	13 Feb 00:01	UTC	GMT	UK Regional PMI
13 Feb 01:01	13 Feb 01:01	UTC	GMT	Ireland Construction PMI

Notes

Press release of indices produced by S&P Global and relevant sponsors can be found at https://www.pmi.spglobal.com/Public/Release/PressReleases.

Dates are provisional and subject to change *includes composite PMI.

Last updated: 28 December 2022.

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