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J.P.Morgan Global Composite PMI™

Global economic growth accelerates as upturn in service sector strengthens

Key findings

Output Index rises to nine-month high

Upturn led by services as manufacturing remains lacklustre

Input price and output charge inflation slow

The rate of global economic expansion accelerated further at the end of the opening quarter, with growth of output and new orders hitting nine- and 12-month highs respectively. Job creation also strengthened as companies forecast further output growth over the coming year.

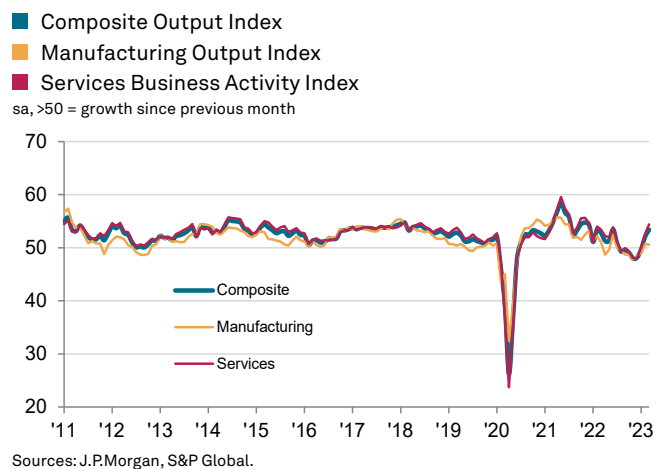
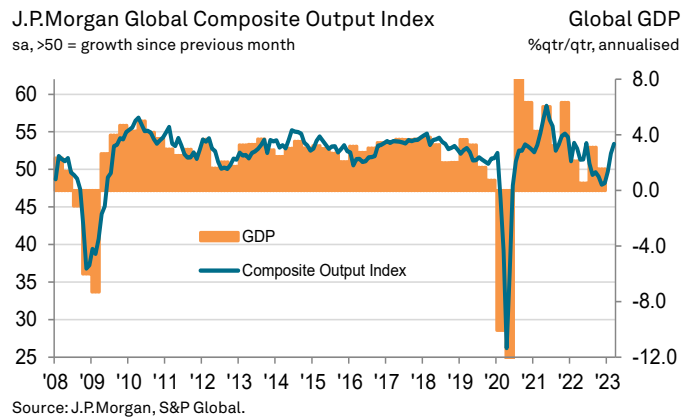
The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – rose to 53.4 in March, from 52.1 in February, to remain above the neutral 50.0 mark for the second successive month.

The upturn remained heavily reliant on the service sector during March. Services business activity rose at the quickest pace since December 2021, with growth strengthening across the business, consumer and financial services categories. Service providers benefited from rising intakes of new work, as the rate of increase in new business hit a 12-month high.

Output growth stayed lacklustre in the manufacturing industry. Although production volumes were scaled up for the second month in a row, the rate of increase was mild and fractionally weaker than in February. Growth slowed in both the consumer and investment goods sub-sectors, while the downturn at intermediate goods producers continued.

Data broken down by nation signalled that India remained atop of the global PMI output rankings, continuing to enjoy its most robust growth spell in over a decade. Spain, Russia, mainland China, Italy and the euro area as a whole also posted above average rates of expansion. Although the performances of the US and Japan were sub-par, growth nonetheless picked up to nine-month highs in both nations.

March saw new business increase for the second month running and to the greatest extent since March 2022. The service sector saw its steepest gain in new work for a year. Although global demand for manufactured goods fell for the ninth month running, the rate of contraction was the weakest during that sequence. International trade in goods remained a net drag on the global economy, falling for the thirteenth straight month. In contrast, service sector new export business rose at the quickest pace in over a year.



Composite Index summary

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

Index	Feb-23	Mar-23	Interpretation
Output	52.1	53.4	Growth, faster rate
New Business	51.3	52.6	Growth, faster rate
New Export Business	48.7	48.6	Decline, faster rate
Future Output*	64.8	64.1	Growth expected, lower optimism
Employment	51.5	51.9	Growth, faster rate
Outstanding Business	49.8	50.4	Growth, from declining
Input Prices	59.7	58.7	Inflation, slower rate
Output Prices	55.3	54.9	Inflation, slower rate

Global employment increased again in March, with the rate of expansion hitting an eight-month high. Faster jobs growth at service providers more than offset a slower pace of increase at manufacturers. Workforce numbers were raised in the US, China, the euro area, Japan, Australia, Brazil and Russia but were flat in India and the UK.

March saw backlogs of work edge higher, the first increase registered since June last year. Although service sector outstanding business rose at an accelerated pace, manufacturing work-in-hand fell for the ninth month running – possibly casting doubt on the sustainability of the recent upturn in goods production volumes.

Price pressures eased in March, as rates of increase in input costs and output charges fell to 28- and 25-month lows respectively. There remained disparities between industries and nations, however. Rates of increase in both price measures remained higher (on average) in developed nations than emerging markets, and at service providers compared to manufacturers.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index rose a 15-month high of 54.4 in March. Output expanded in almost all of the national service economies covered by the survey, the exception being Australia. Spain, Russia, China and India saw the quickest rates of expansion.

Jobs growth hit an eight-month high. Input cost inflation eased, in contrast to a fractional uptick in the pace of increase in output charges.

Services Index summary

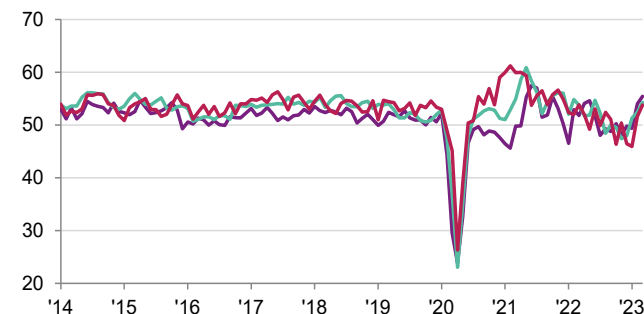
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Feb-23	Mar-23	Interpretation
Business Activity	52.6	54.4	Growth, faster rate
New Business	52.0	53.8	Growth, faster rate
New Export Business	50.0	51.7	Growth, from no change
Future Activity*	65.6	64.7	Growth expected, lower optimism
Employment	51.7	52.4	Growth, faster rate
Outstanding Business	50.4	51.5	Growth, faster rate
Input Prices	61.3	60.5	Inflation, slower rate
Prices Charged	55.5	55.6	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.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said:

“The global composite PMI rose by 1.3-points to 53.4 in March, a nine-month high for the series. New orders and employment also strengthened. A wide disparity remains between the performance of the manufacturing and service sectors. The service sector is powering ahead with sufficient momentum to achieve a sustained recovery, while manufacturing remains lackluster in comparison, with the latest survey flagging still-modest demand and rising inventories.”

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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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About ISM

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	Judo Bank
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	Riyad Bank
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 and services 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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