



Global PMI

Global growth accelerates as COVID-19 restrictions ease,
but price pressures hit 12½ year high

March 12th 2021

Global PMI at second-highest since August 2018

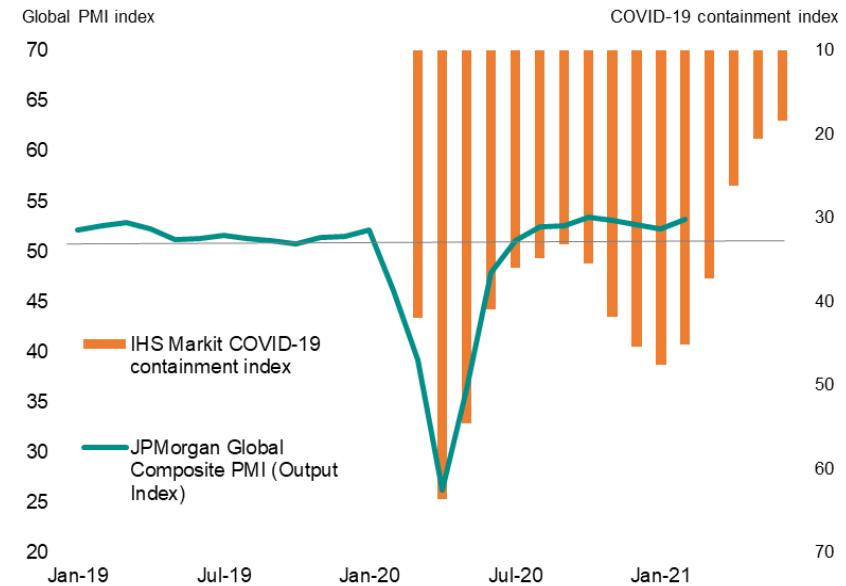
Global economic growth accelerated in February, according to the [worldwide PMI surveys](#) conducted by IHS Markit, with growth falling just short of last October's peak to signal the second-strongest expansion since August 2018. At 53.2, up from 52.3 in January, the JPMorgan Global PMI™ (compiled by IHS Markit) indicated rising output for the eighth straight month as demand continued to revive from the initial impact of COVID-19 lockdowns.

Whereas growth had slowed in the three months to January, primarily reflecting the re-introduction of measures to control further outbreaks of the virus in many countries, February saw restrictions ease slightly on average, notably in the US. IHS Markit's Global COVID-19 Containment Index fell from 48 in January (which had been its highest since last May) to 45 in February.

Global PMI* output & economic growth



Global PMI* and Covid-19 containment



* PMI shown is a GDP-weighted average of the survey manufacturing and services indices.

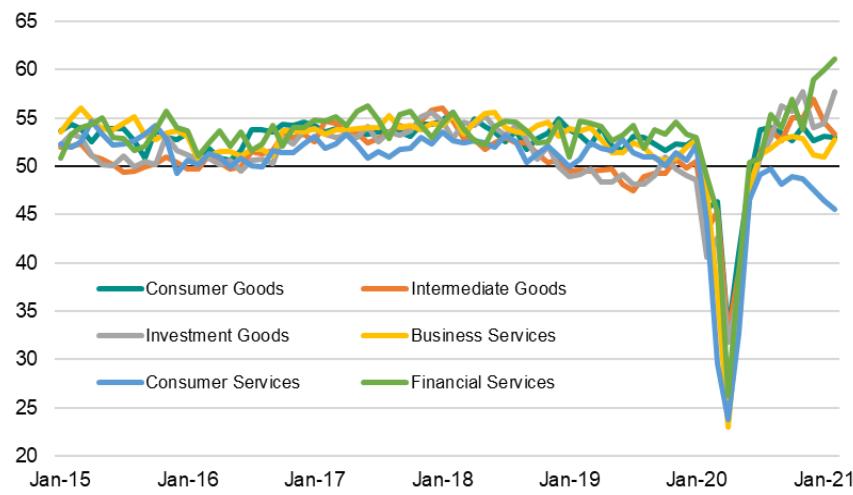
Consumer-facing services hardest hit, financial services boom

Financial services firms reported the sharpest expansion globally, with banks, insurance and real estate holding the top three spots in the global output rankings in February. The overall expansion of financial services activity was the fastest since data were available in 2009.

Consumer services meanwhile continued to suffered by far the worst performance of all the broad sectors in February, with business activity deteriorating at the sharpest rate since last May, led by transport, tourism and recreation activity.

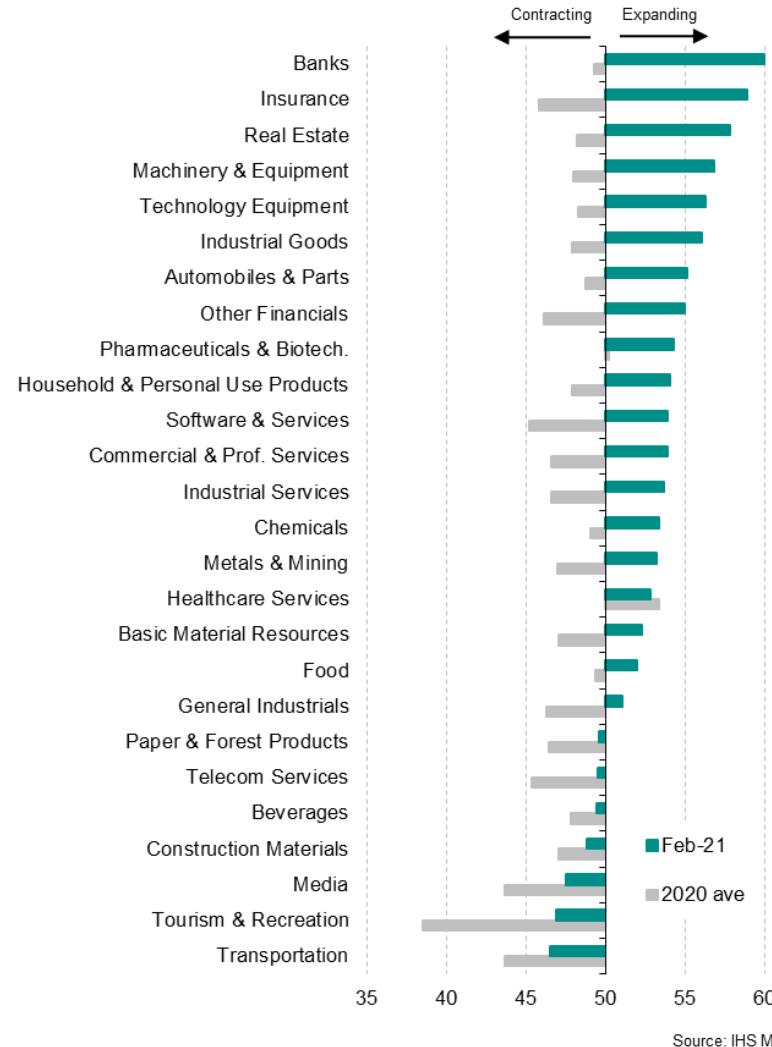
The weakness of consumer-facing services meant manufacturing continued to fare better than services as a whole, in turn led by a surge in output of investment goods, such as machinery and equipment, where the rate of increase was the second-quickest over the past ten years.

JPMorgan Global PMI, output



Sources: IHS Markit, JPMorgan.

Global Sector PMI Output Index



Source: IHS Markit

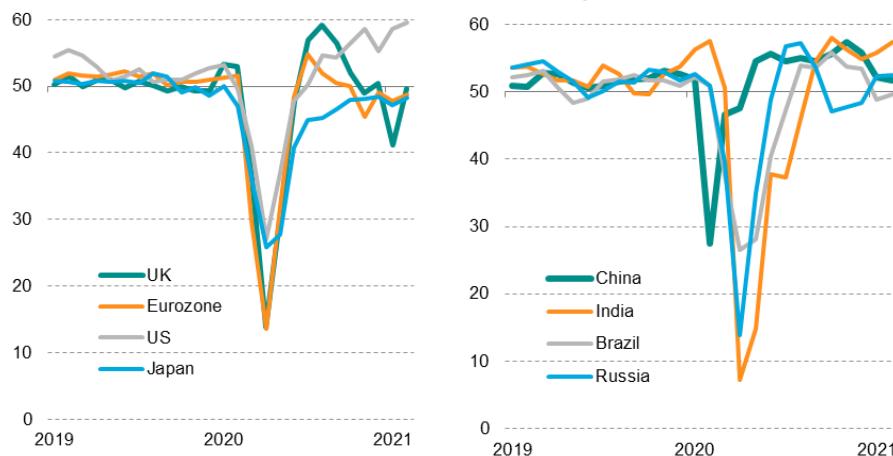
Faster US growth drives global expansion

A comparison of the 12 major economies covered by IHS Markit's PMI surveys showed that the US recorded the fastest expansion, leading all others in terms of service sector growth, and also noted a robust manufacturing expansion. The overall pace of US growth was the sharpest since August 2014. India reported the second-fastest expansion, its rate of increase exceeded only twice over the past nine years.

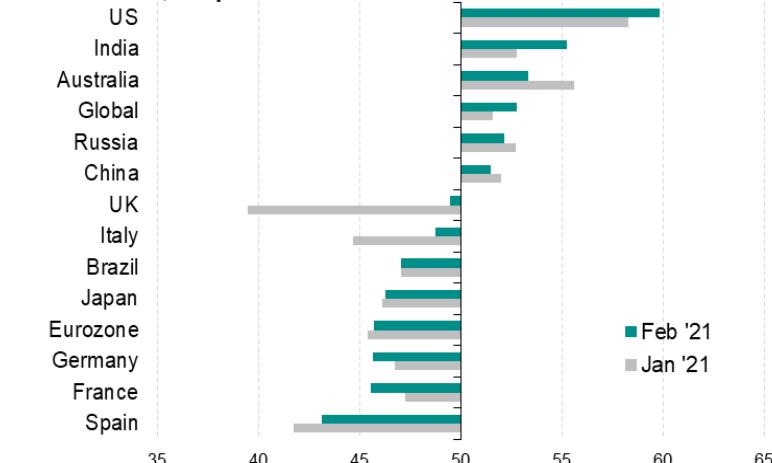
COVID-19 appears to have more of an impact elsewhere: growth in China slowed to the weakest in the current ten-month sequence of expansion, and Japan and Brazil also reported falling output as service sector downturns offset manufacturing output growth.

The UK also reported a second successive monthly fall in output, and the eurozone contracted for a fourth straight month, reflecting sharp downturns in Spain and France .

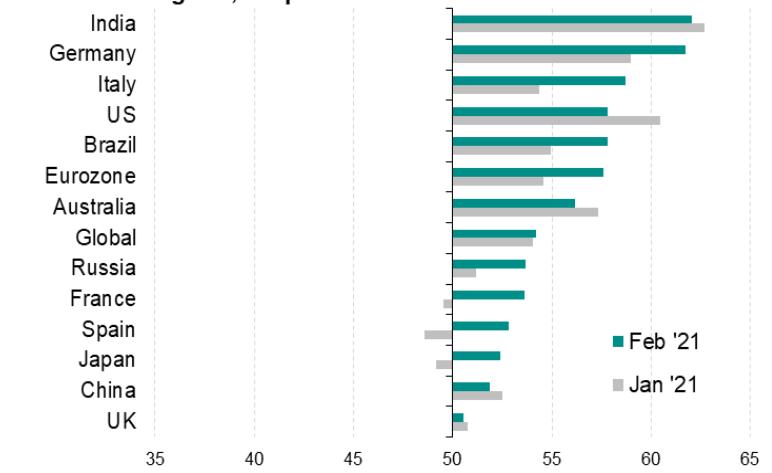
PMI composite output index (manufacturing & services)



Services PMI, output index



Manufacturing PMI, output index



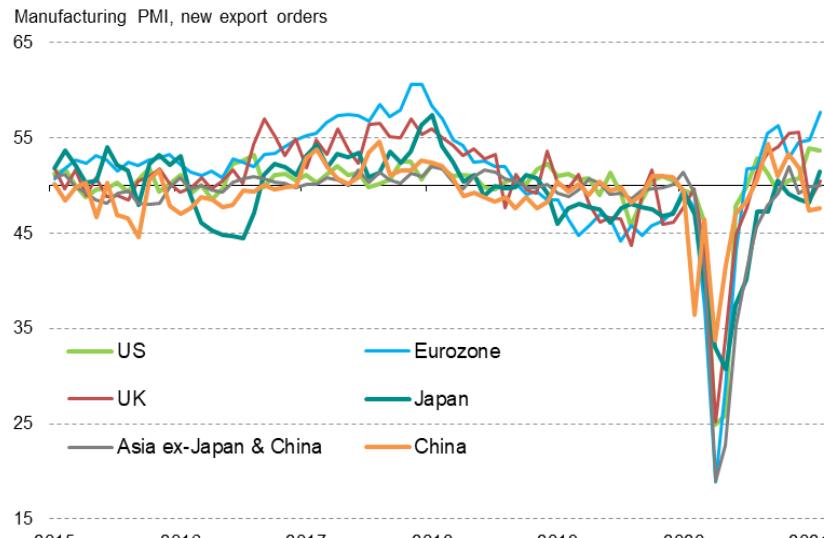
Sources: IHS Markit, JPMorgan, CBA, CIPS, au Jibun Bank, BME, AERCE, Caixin.

Global exports hit by drop in shipments from China

Much of the underperformance of China and the UK could be linked to under-par export growth. So far this year, US manufacturers have reported the strongest goods export growth for six-and-a-half years, while eurozone and Japanese goods producers reported the strongest export sales for three years in February. Exports from Asia ex-mainland China have also returned to growth. In contrast, the IHS Markit-compiled Caixin PMI for mainland China showed a second successive monthly decline in exports, which are now in the steepest period of decline since June, and UK goods exports have stalled in the opening months of 2021 after strong growth last year.

The UK's poor export performance was [linked by many companies to Brexit](#), with the UK's transition period with the EU having ended on 31st December. The [loss of export trade out of China](#) meanwhile in part reflects logistical issues. A lack of shipping containers in particular has curbed the amount of goods that have been shipped out of China, according to PMI survey respondents. This has also been a major contributor to longer global supply chains and has in turn pushed up shipping costs.

Global goods exports



Sources: IHS Markit, au Jibun Bank, Caixin.

China's goods exports

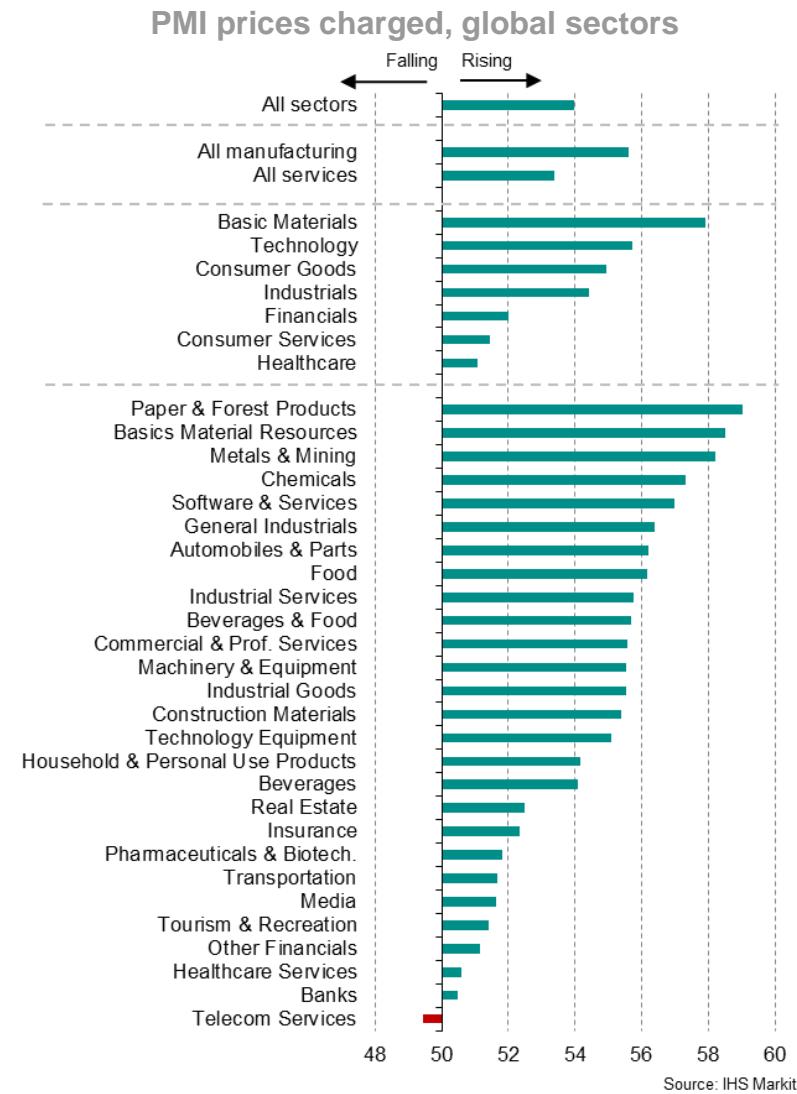
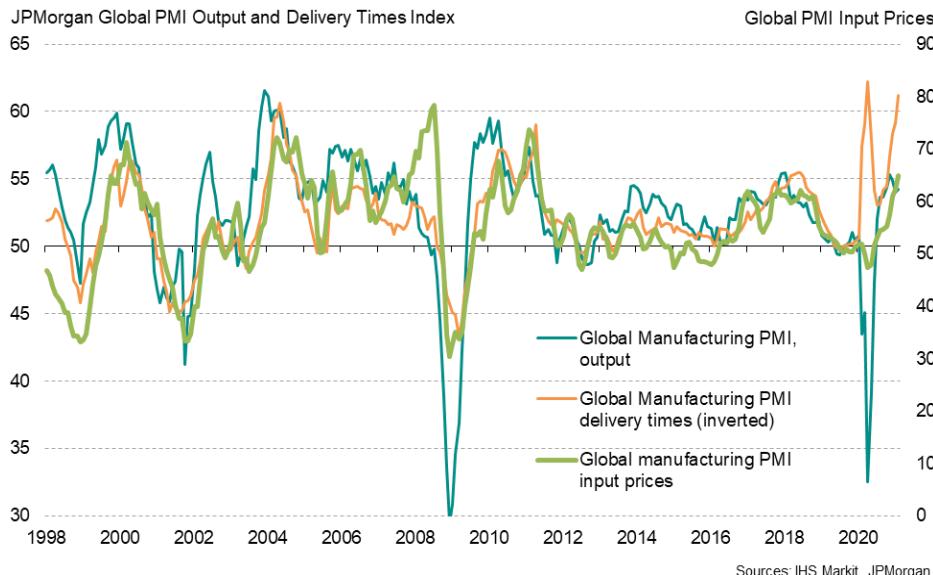


Sources: Caixin, IHS Markit.

Near-record supply delays contribute to higher prices

Sectors reporting the steepest price increases tended to be focused on basic commodities (such as basic resources, metals, mining and chemicals), often reflecting shortages and supply delays. Supplier delivery times lengthened to a near-record extent globally in February.

However, the survey brought signs of these price increases feeding through to other sectors which use these products as inputs. Notably, auto makers reported the joint-highest output price increase since comparable global data were available in 2009. Similarly, selling price inflation for machinery and equipment and construction materials climbed close to survey highs during the month, and prices charged for consumer goods rose at the steepest rate since May 2011, led by a survey-record increase in the US. Food and drink prices also rose at the sharpest rate for nearly a decade.



Global inflationary pressures at highest since 2008

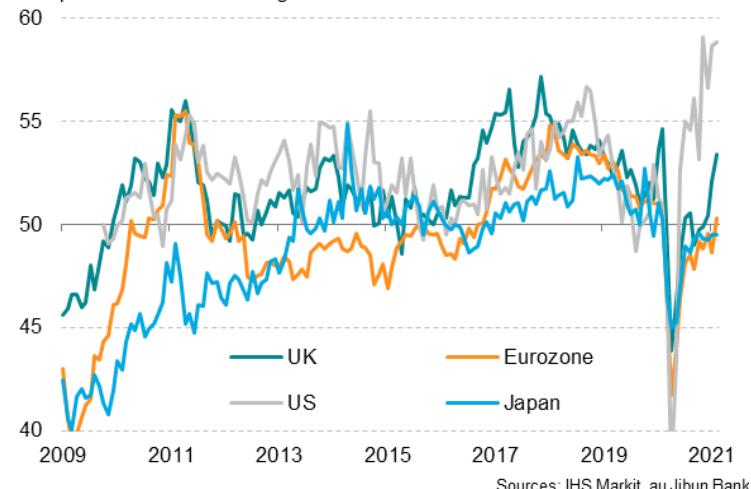
Input cost inflation rose globally to its highest since September 2008, feeding through to the steepest increase in selling prices for goods and services for over a decade and [pointing to higher consumer price inflation](#) in coming months.

Brazil saw the steepest price increases, where prices charged for goods and services rose at the fastest rate since the survey began in 2007, followed by the US, where the latest rise was exceeded only by last November's high. Selling price inflation also accelerated markedly in the UK and remained elevated in Russia and, to a lesser extent, China. But inflationary trends were far more modest in the eurozone and Japan, dampened by falling prices for consumer services.

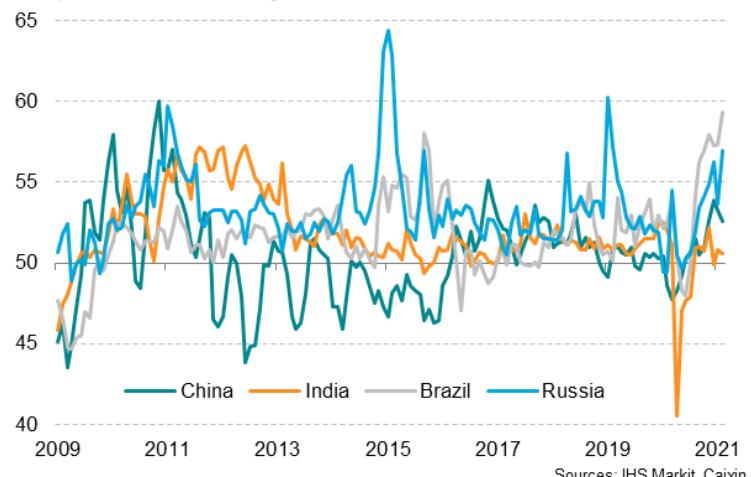


Prices charged, major DM and EM economies

Composite PMI Prices Charged Index



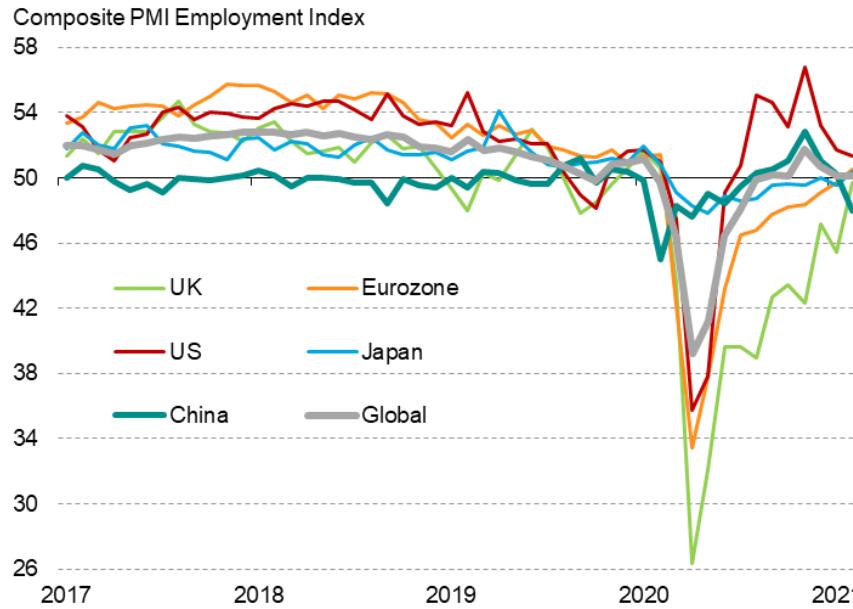
Composite PMI Prices Charged Index



Global employment remains near-stagnant

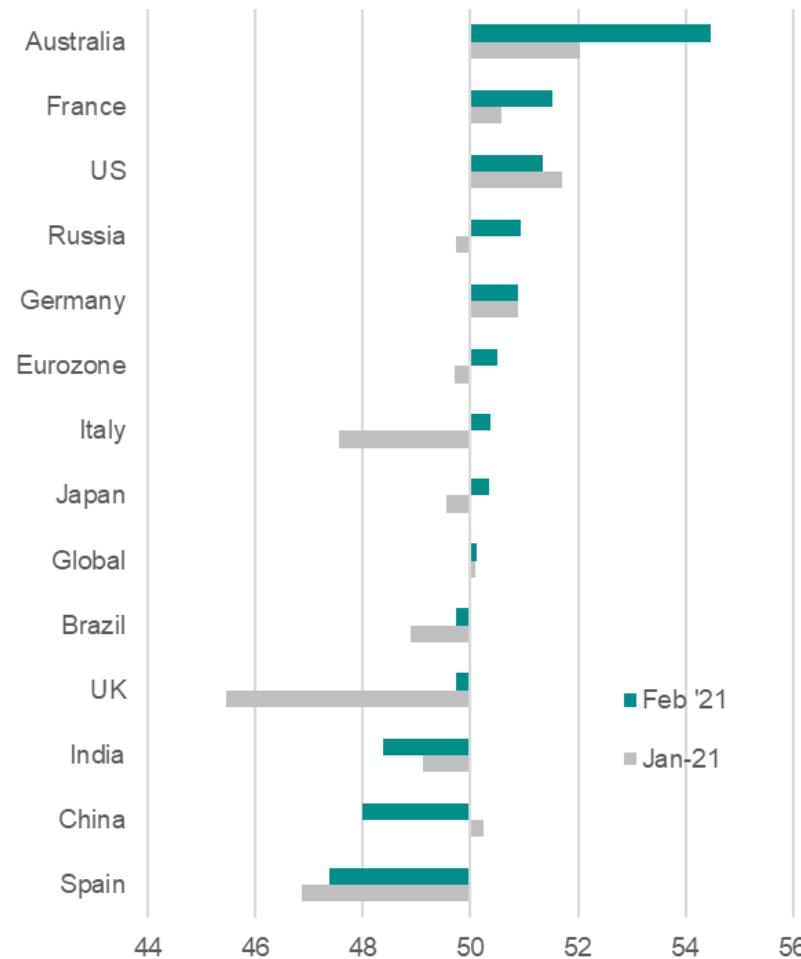
Jobs growth remained disappointingly sluggish globally in February, edging up only marginally in manufacturing and dropping fractionally in services, though trends varied across the globe. Robust job gains were recorded in Australia, France and the US, with more moderate improvements seen in Russia and Germany and - to lesser extents – Italy and Japan. But jobs losses were reported in Spain, China, India and the UK.

In general, job market recoveries have lagged upturns in demand, hinting at a broad-based reticence to hire. However, in some cases (notably the US) hiring was at times constrained by skill shortages.



Sources: IHS Markit, JPMorgan, Caixin, au Jibun bank.

Composite PMI, employment index (manufacturing and services)



Source: IHS Markit., JPMorgan, Caixin. au Jibun Bank.

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- **5-7th April:** Final Worldwide Services PMIs
- **8th April:** Detailed Sector PMIs

[Link to calendar](#)

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