



Global PMI

Global economic growth surges to 11-year high in April,
but price pressures hit 13-year record

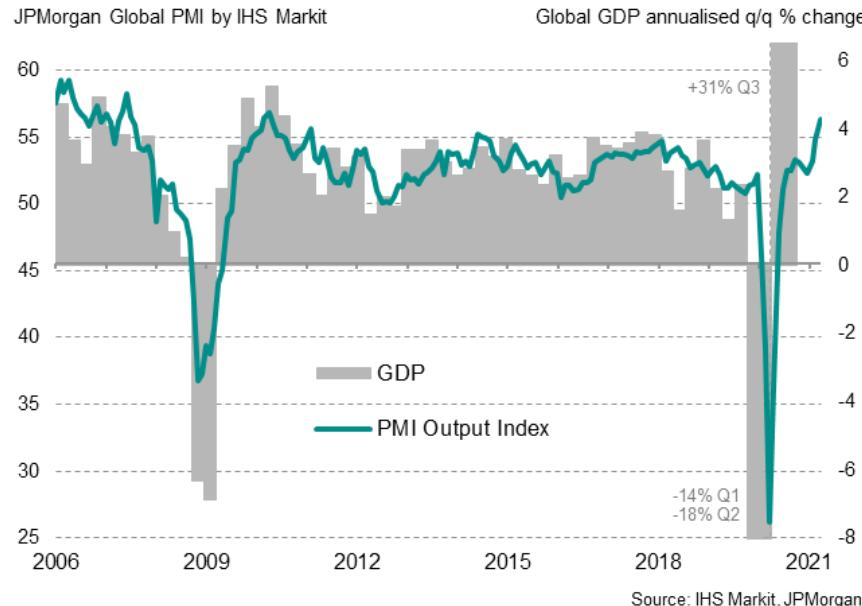
May 7th 2021

Global PMI at 11-year high as services take the lead

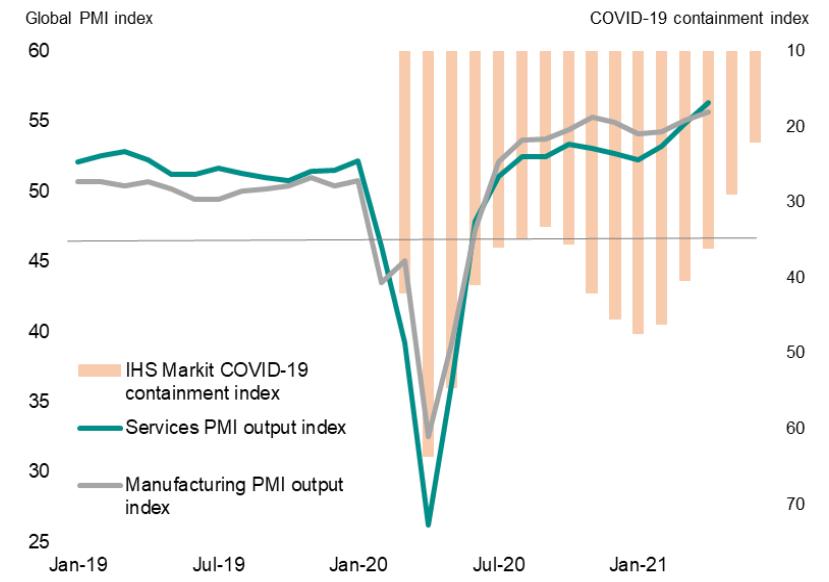
Global economic growth accelerated sharply in April to reach an 11-year high. At 56.3, up from 54.8 in March, the JPMorgan Global PMI™ (compiled by IHS Markit) struck its highest since April 2010. The latest expansion took the recent run of growth into its tenth month as many economies around the world continued to recover from COVID-19 downturns.

The progress of the recovery from the virus was underscored by the global service sector reporting faster growth than manufacturing for the first time since the pandemic began, achieving its strongest upturn in business activity since July 2007. The outperformance of the service sector, which has lagged the manufacturing sector's revival due to strict controls on social distancing and travel, coincided with COVID-related restrictions easing globally to the lowest since last October. Manufacturing meanwhile saw growth accelerate to the fastest since February 2011 despite near record supply delays and shortages of inputs.

Global PMI* output & economic growth



Global PMI* and Covid-19 containment

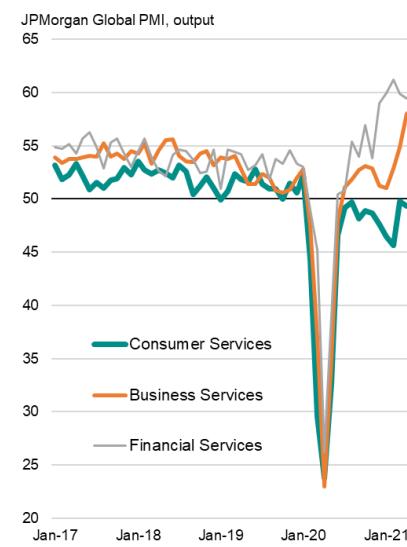
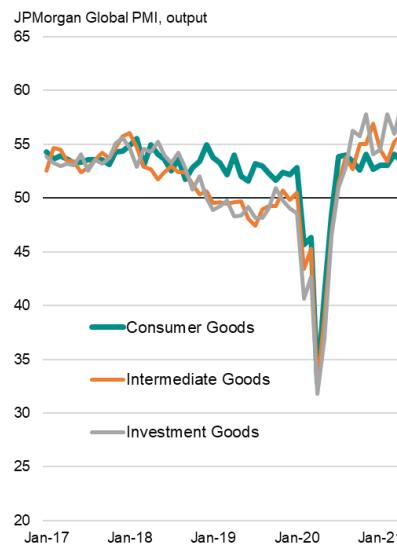


* PMI shown is a GDP-weighted average of the survey manufacturing and services indices.

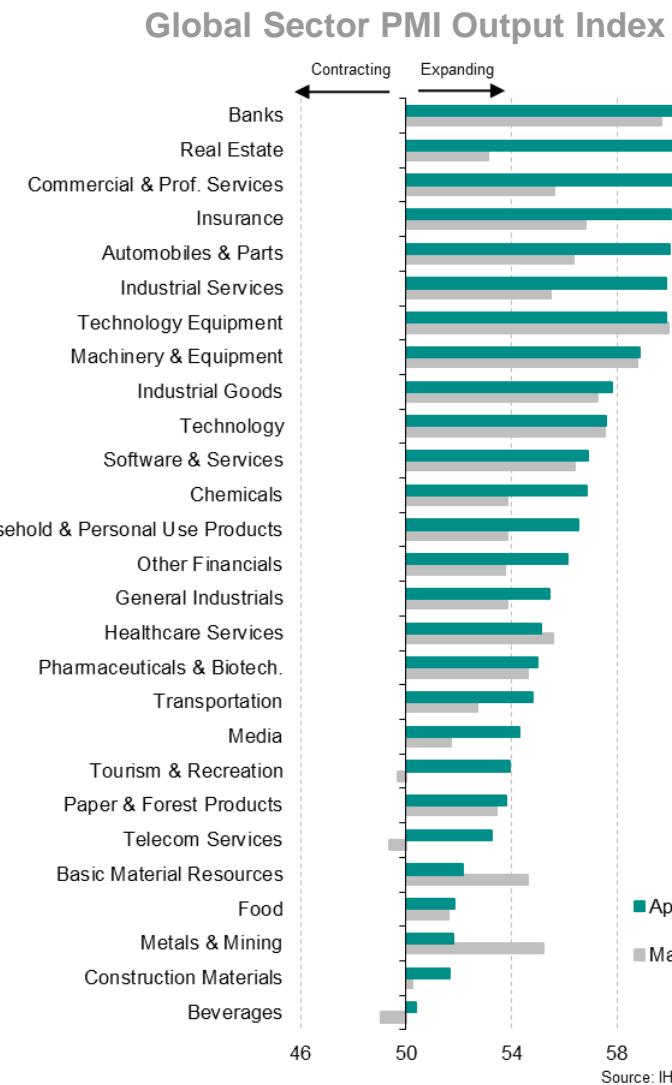
Upturn led by business and financial services plus rising investment

Business conditions were again mixed by sector. Within the services economy, business service providers reported the largest increase in activity since comparable global data were available in 2009, and financial services companies reported another month of near-record growth (the fastest growth of all sub-sectors was reported by banking, followed by real estate, the latter reporting an especially marked improvement in growth). In contrast, consumer-facing service providers remained in a downturn, albeit with output falling only modestly as new business inflows increased for the first time since the pandemic hit.

All broad sectors of manufacturing meanwhile reported robust expansions, led by the investment goods sector, hinting at another encouraging increase in global capital spending.



Sources: IHS Markit, JPMorgan.

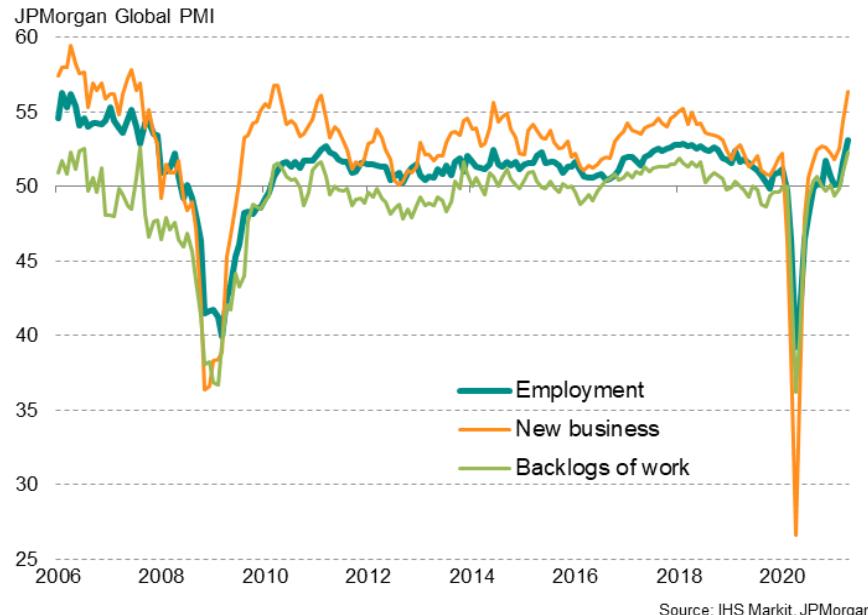


Global jobs growth highest since 2007 as demand surges

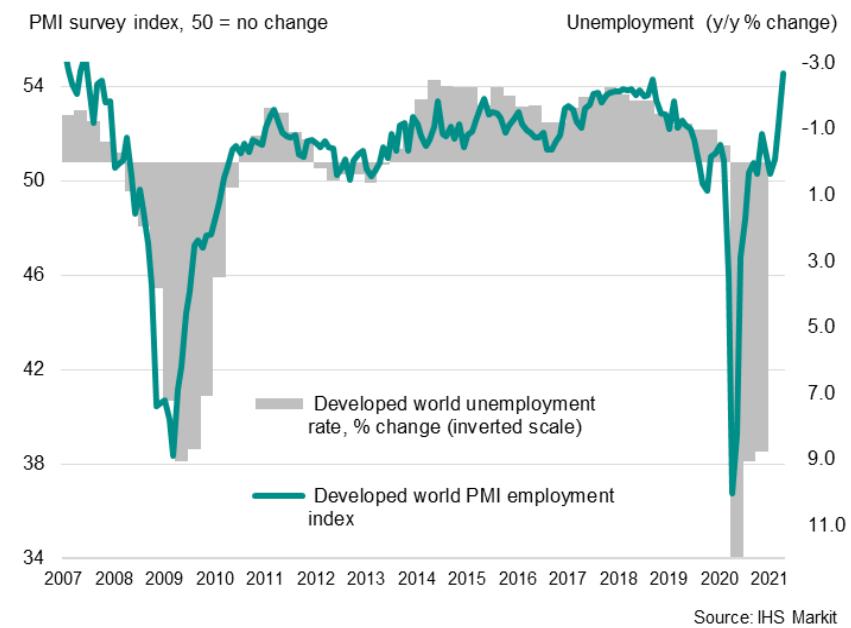
The improvement in business activity was fueled by the largest monthly increase in new business inflows globally since April 2010. Service providers reported the steepest increase in new orders since June 2014 while manufacturers reported the biggest gain since May 2010.

The influx of new business, plus elevated expectations for growth in the year ahead as economies continue to reopen from coronavirus restrictions, led to the quickest rise in global employment since December 2007. The job market improvement was driven by the service sector, which boosted payroll numbers to an extent not seen since 2007, though manufacturers also reported the largest payroll gain since February 2018. Among the major economies, the fastest rate of job creation was seen in the US, followed by the UK and eurozone, whereas Brazil and India reported lower employment. However, despite the rise in global employment, companies worldwide reported the largest accumulation of uncompleted orders since August 2007, led by the largest increase in manufacturing backlogs since 2004.

Global order books and employment



Developed world employment



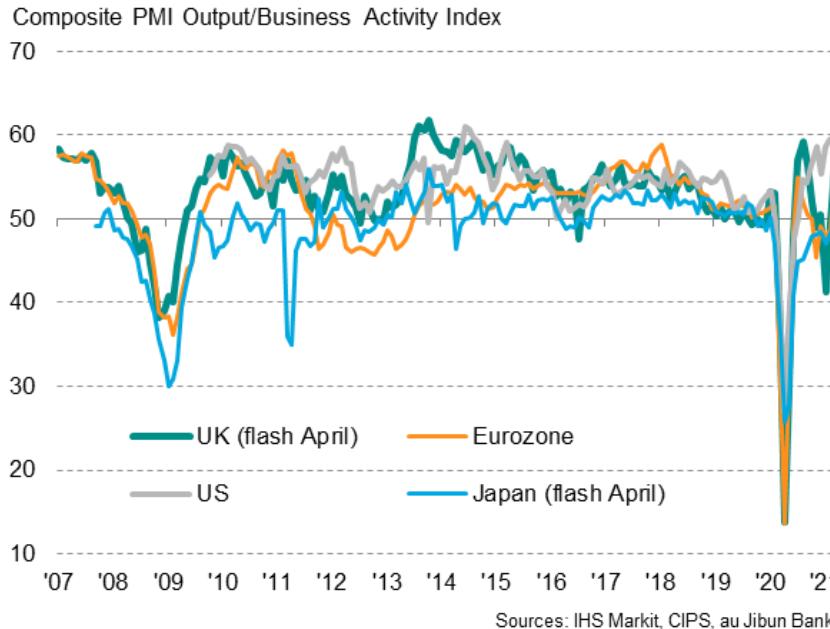
* PMI shown is a GDP-weighted average of the survey manufacturing and services indices.

US and UK enjoy vaccine dividends, for now

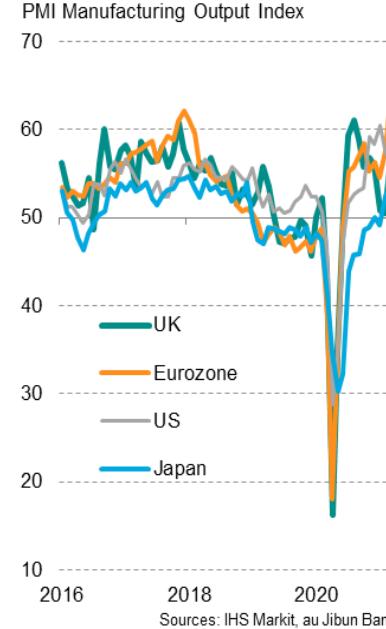
By country, the global expansion was once again led by the US, and in particular its booming services economy, which reported the fastest growth since its PMI data were first available in 2009. Strong growth was also recorded in the UK, which saw its best expansion since 2013 with the flash UK PMI close to an all-time high, albeit in part reflecting a rebound from weakness at the lockdown seen at the start of the year.

Both the UK and US have enjoyed successful vaccination programs, helping to boost businesses, notably in the services economies. Slower vaccine rollouts have meanwhile caused the eurozone and Japan to lag behind in terms of service sector expansions, though with the eurozone reporting record manufacturing output growth in the last two months, and Japan's factories reporting the largest production rise for three years, the overall picture is one of economic recoveries gaining momentum. Further vaccine progress in all economies, and notably the eurozone, should facilitate stronger performances as we head through the second quarter.

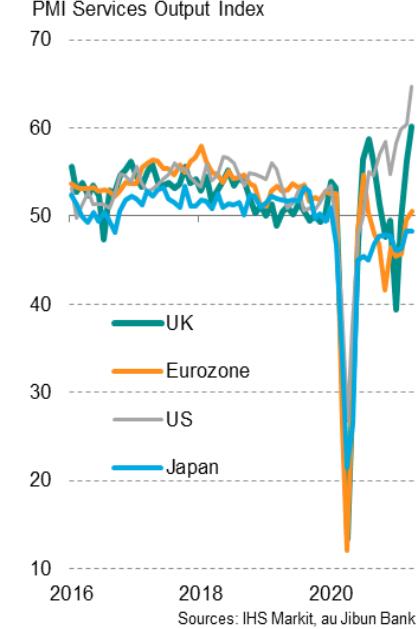
Developed market PMI output, all sectors



Manufacturing



Services

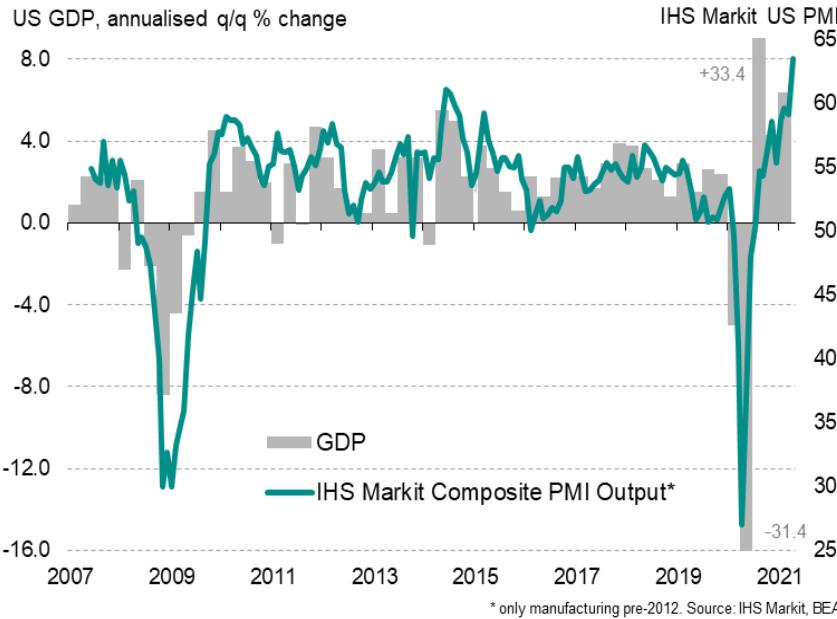


US booms as consumer spending surges

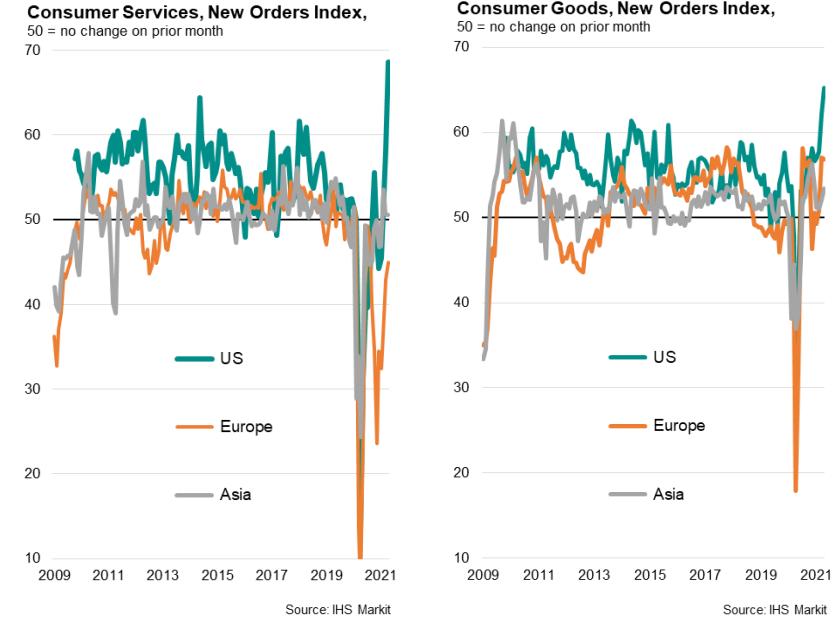
US growth accelerated especially sharply in April, with the composite [IHS Markit PMI](#) reaching a new survey high. Thanks to the cocktail of a successful vaccine rollout, the reopening of the economy, ultra-accommodative monetary policy and injection of fresh fiscal stimulus, businesses reported the strongest surge in demand seen for at least a decade. The upswing in demand has led to one of the best months of job creation yet recorded by the survey as businesses prepare for better times ahead.

A notable, though not exclusive, area of US outperformance was in the [consumer-facing industries](#), which have seen a strong rebound in demand in recent months, resulting in record upturns in new orders for both goods and services in April. In contrast, far weaker new orders growth for consumer goods has been seen in Europe and Asia, with an even larger regional divergence seen for consumer services. pandemic-related restrictions led to another fall in European consumer services activity and near-stalled activity in Asia.

US PMI and GDP



Consumer goods and services orders



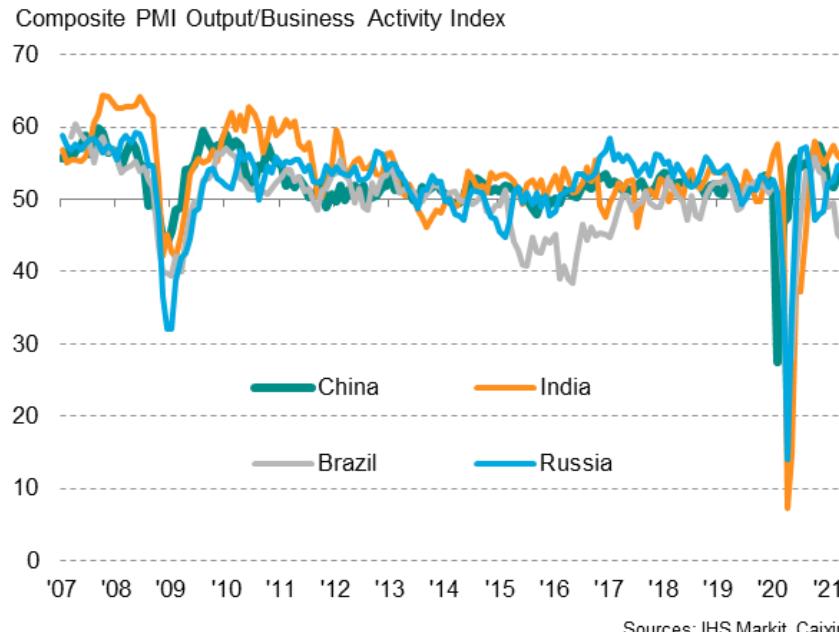
Brazil's new downturn deepens, India's growth wanes

Of the major emerging markets, India recorded the strongest expansion of output for the fourth successive month, showing resilience despite surging COVID-19 case numbers. The rate of expansion cooled, however, to the slowest for four months due to the crisis, and a sharp slide in service sector business confidence in the outlook hinting that growth could weaken further in coming months. Jobs were also cut.

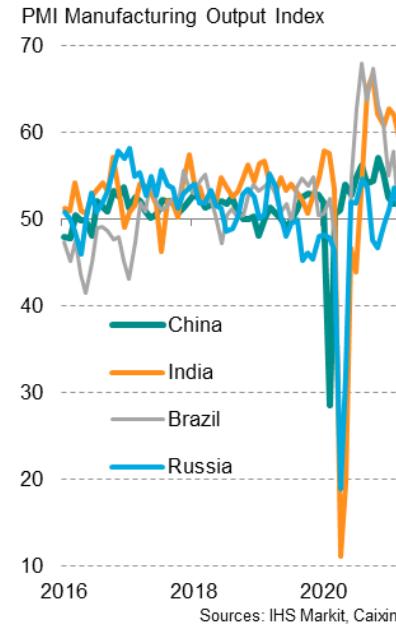
Solid growth meanwhile continued to be recorded in both mainland China and Russia as these economies continued to report further recoveries from the pandemic. Both saw upturns led by reviving service sectors, which accompanied relatively modest but ongoing manufacturing growth, and both reported strengthening job gains amid elevated levels of business confidence

Brazil, in contrast, reported a deepening downturn, raising the prospect of a double-dip recession. Manufacturing more or less stagnated while service sector output fell at the sharpest rate since last July, primarily attributed to the detrimental impact of further waves of COVID-19.

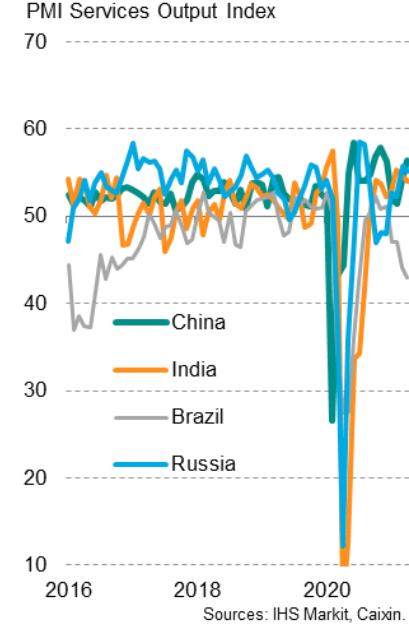
Emerging market PMI* output, all sectors



Manufacturing



Services



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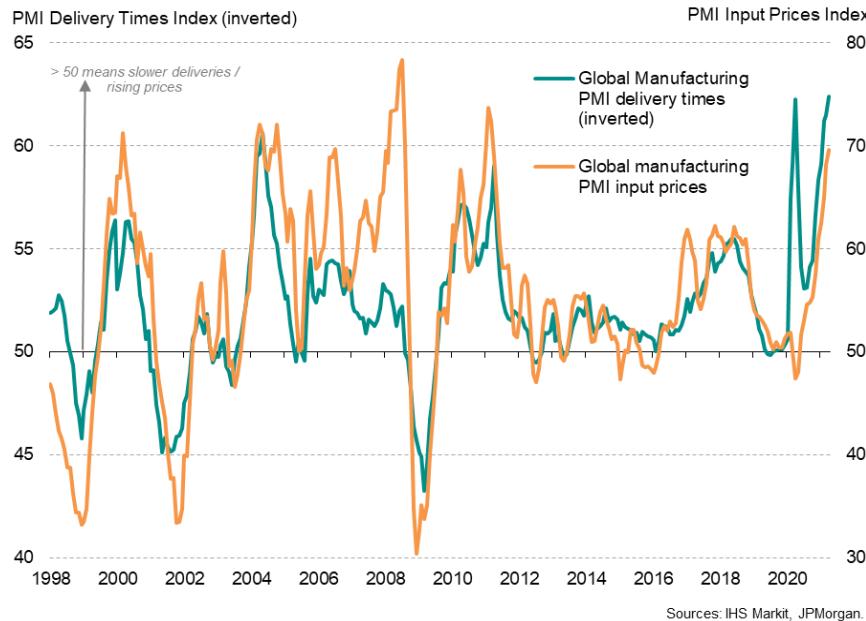
Supply delays hit record high

A symptom of the [recent surge in manufacturing demand has been increasingly widespread supply shortages](#). Supplier lead times

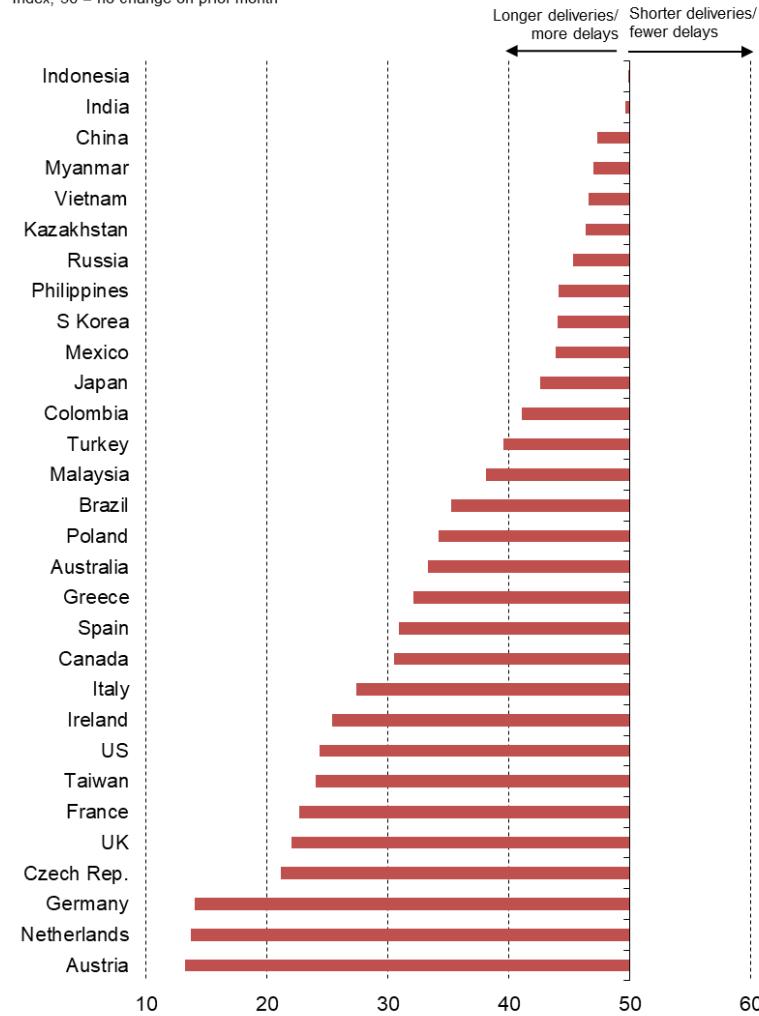
lengthened globally at a record rate in April, due to both a lack of production capacity and further logistics delays, including container shortages and port congestion.

Supply delays were especially widely reported in Europe and the US, with many economies reporting new record incidences of supply constraints. Fewer delays were typically reported across much of Asia with the notable exception of Taiwan.

PMI prices and supply delays



Manufacturing PMI Suppliers' Delivery Times Index, 50 = no change on prior month



Sources: IHS Markit, JPMorgan, CBA, ISO, CIPS, au-Jibun Bank, NEV, BME, Bank Austria, AIB, AERCE, Caixia, HPI, Istanbul Chamber of Industry, Tengri Partners.

Global input cost inflation highest since 2008

The combination of surging demand and record supply chain constraints pushed global inflationary pressures to the highest for over 13 years. Average input costs faced by manufacturing and service sector firms rose globally in April at a rate not seen since August 2008, hinting strongly that consumer price inflation will rise – potentially sharply – in coming months.

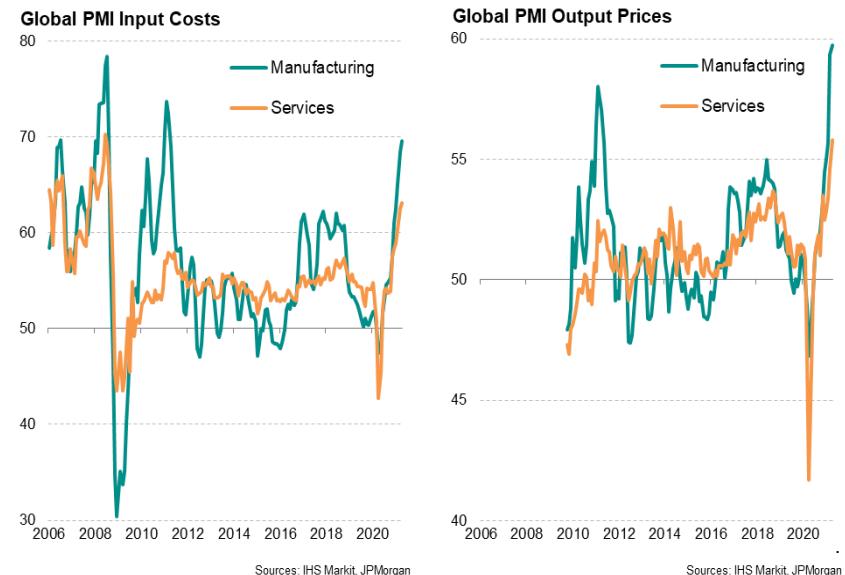
Goods producers reported an especially sharp cost increase, with raw material prices jumping at the fastest rate since March 2011, but service sector costs also grew at a pace not seen since 2008. Fuel, electronics, chemicals, metals (notably steel) and timber/paper products were all widely reported to have risen in price, with the service sector also reporting upwards pressure on wages.

The increase in costs has fed through to the steepest increase in average selling prices recorded since comparable global PMI data were first available in 2009, with new survey highs seen for both goods and services.

Global PMI and inflation



Global input costs and selling prices



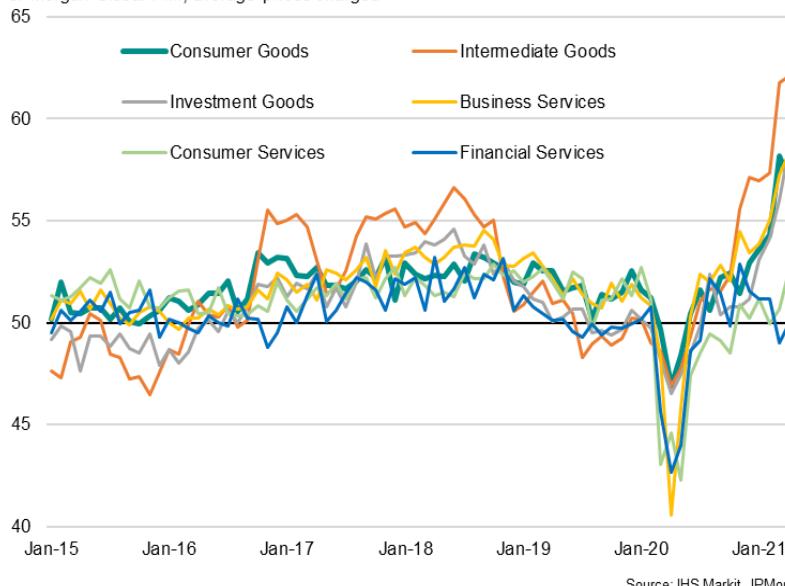
New record highs for price indices

The highest price pressures were recorded for intermediate goods – products supplied as inputs to other companies – which rose at the fastest rate yet recorded since data were first available in October 2009. A new high was also recorded for investment goods, such as machinery and equipment. The rate of inflation of consumer goods prices meanwhile eased slightly but remained the second-steepest for a decade.

A new survey high was also seen for rates levied for business services, and even the hard-hit consumer services sector reported the sharpest rise in prices since the start of last year.

PMI prices charged, global sectors

JPMorgan Global PMI, average prices charged

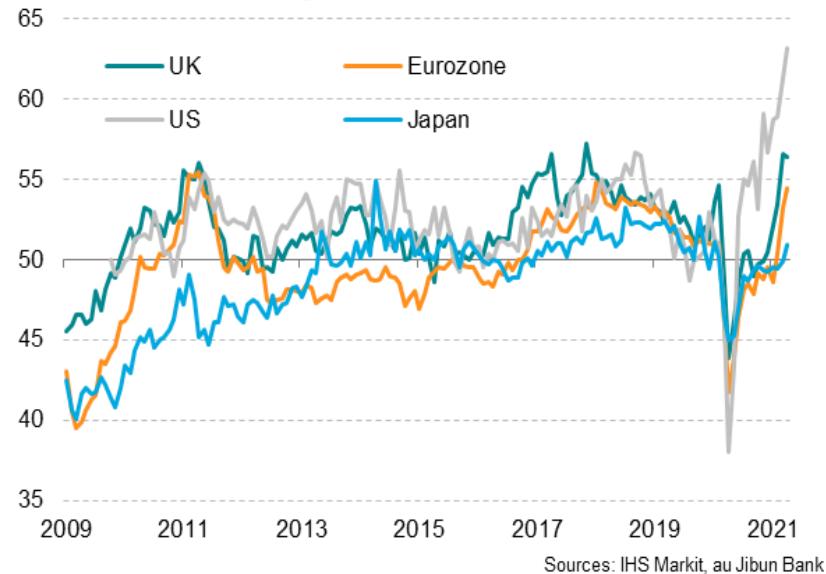


Among the major developed economies, by far the steepest increase in average selling prices for goods and services was recorded in the US, where the index hit a new survey high, followed by the UK, where the rate of increase was among the highest recorded since 2008.

More muted rises were seen in the eurozone and especially in Japan, though rates of increase moved higher in both cases.

PMI prices charged, main economies

Composite PMI Prices Charged Index



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- **1st June:** Final Worldwide Manufacturing PMIs
- **3rd June:** Final Worldwide Services PMIs
- **4th June:** Detailed Sector PMIs

[Link to calendar](#)

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