

# Global economy

## Worldwide PMI surveys show economic growth kicking higher in October

- **Global PMI rises to 11-month high of 53.3**
- **Developed world growth boosted by broad-based upturn across major economies**
- **Emerging markets lifted by fastest growth for over 3½ years in China, Russia and India**
- **Price pressures hit two-year peak**

Global economic growth kicked higher at the start of the fourth quarter, according to PMI survey data, though inflationary pressures also intensified.

The JPMorgan Global PMI Composite Output Index, compiled by Markit from its various national surveys, rose from 51.7 in September to an 11-month high of 53.3 in October. The improvement points to annual global GDP growth (at market prices) accelerating above 2% at the start of the fourth quarter and pulling out of the malaise that had been evident through the second and third quarters.

Manufacturing grew at the sharpest rate for just over two years and services saw the largest monthly increase in business activity since November of last year, suggesting a broad-based improvement in the global economy<sup>1</sup>.

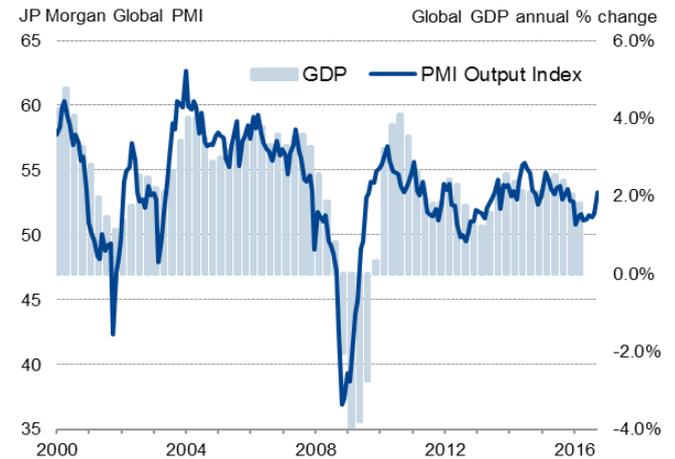
The upturn was also spread across developed and emerging markets. Though led by the former, where growth of business activity climbed to an 11-month peak, the emerging markets saw growth hit a 20-month high.

### Restrained hiring

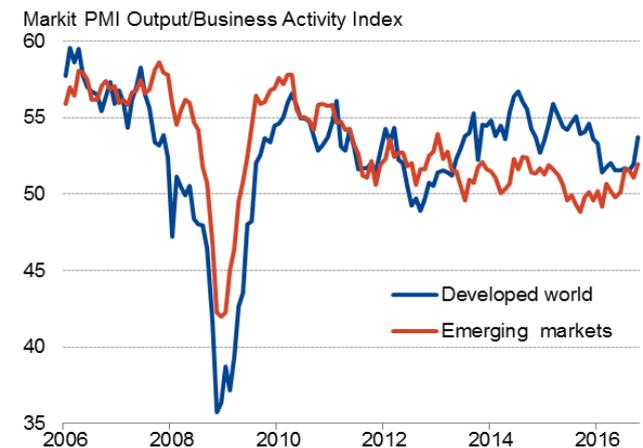
The global upturn was driven by inflows of new business rising at the fastest rate for nearly a year, but the improvement in demand fed through to only a modest gain in employment as companies in many countries remained concerned about the economic outlook, linked in many cases to political uncertainty, especially in the US and Europe.

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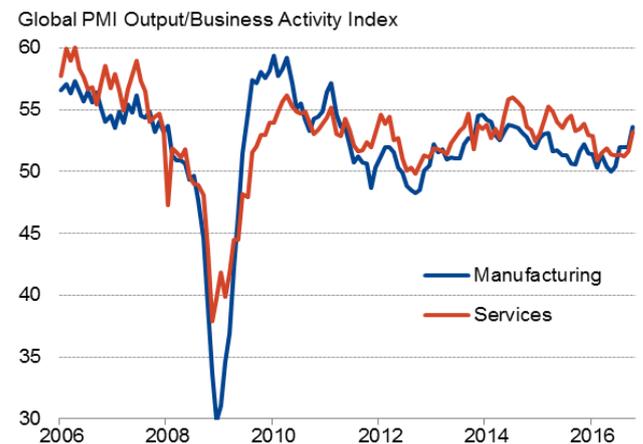
### Global economic growth



### Developed v emerging market PMI (output)



### Global manufacturing v services PMI (output)



Sources for charts: IHS Markit, JPMorgan, Nikkei, Caixin.

<sup>1</sup> More detailed breakdowns of sub-sector performance will become available [later in the month](#).

Employment growth nevertheless moved in the right direction. Net worldwide job creation hit a three-month high, fuelled by increased hiring in the developed world and the slowest rate of job losses for nearly a year in the emerging markets.

### Price pressures at two-year high

Faster economic growth has also been accompanied by inflationary pressures. Companies' input costs increased at the fastest rate for 28 months in October, primarily reflecting rising global commodity prices (notably oil). Average prices charged for goods and services globally also rose at the steepest rate for just over two years as costs were often passed on to customers.

Although the overall rates of inflation remained relatively muted on average at the global level, national variations were marked, with the UK seeing especially steep rises as the weakened pound pushed the cost of imports higher.

### Developed world

Growth of developed world business activity was pushed to the highest for almost a year by a broad-based improvement in all the major rich-world economies. US growth accelerated especially sharply to the highest since last November. The UK saw a similar robust rate of expansion that was the strongest since January.

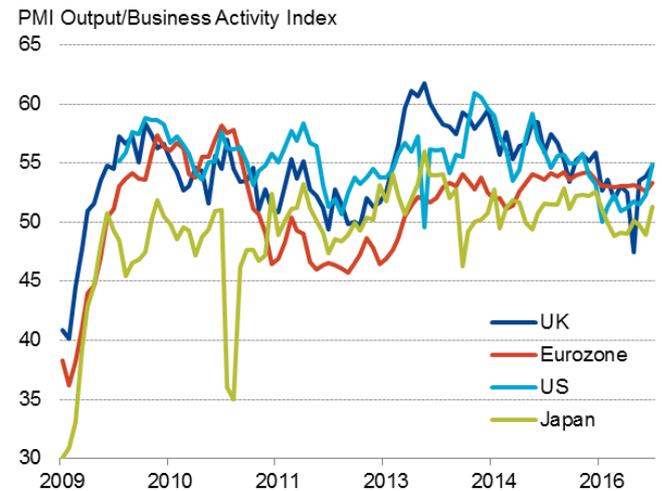
Eurozone growth also ticked higher, though failed to meet the stronger expansions seen in the US and UK. Japan continued to trail behind but saw growth revive to register the largest monthly upturn since January.

### Emerging markets

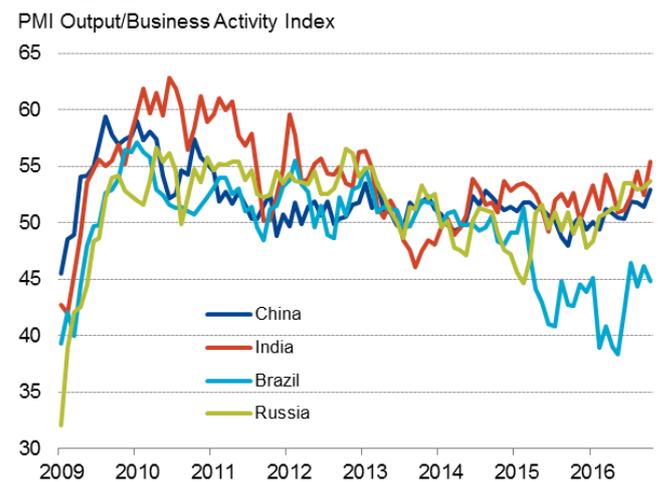
While failing to accelerate to the same extent as the developed world, emerging markets generally reported improved economic growth in October. Most striking was an acceleration of growth in China, Russia and India to the fastest for just over three and a half years.

Brazil remained the Achilles Heel, with the economy contracting once again, as shown by the PMI dipping further into negative territory at the start of the fourth quarter.

### Developed world output

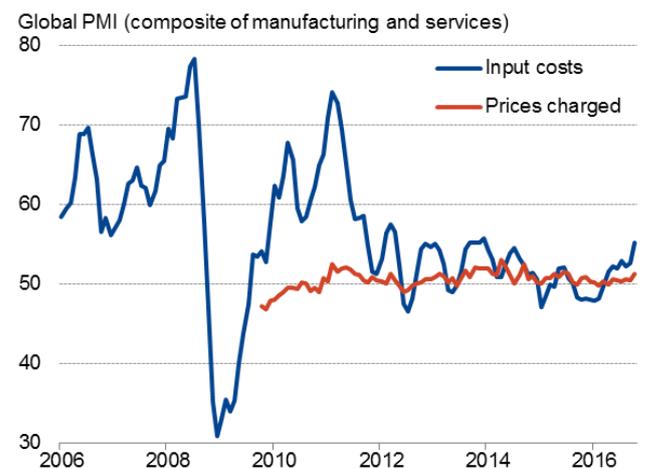


### Emerging markets output



Sources for charts: IHS Markit, Nikkei, Caixin.

### Global prices



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