

Global economy

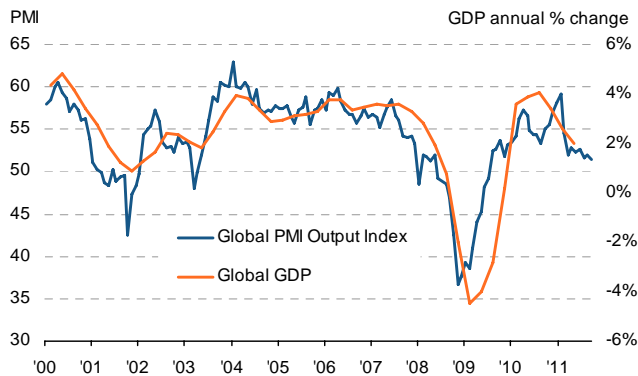
Global PMI™ hits post-crisis low

- **Global PMI the lowest since August 2009**
- **Upturns in Japan, Brazil and China contrast with weaker PMIs in US, UK and Eurozone**

October's PMI surveys signalled the weakest month of global economic growth seen over the past two years of recovery. The JPMorgan Global PMI fell from 52.0 in September to 51.4 in October, the lowest reading by a small margin since the recovery began in August 2009.

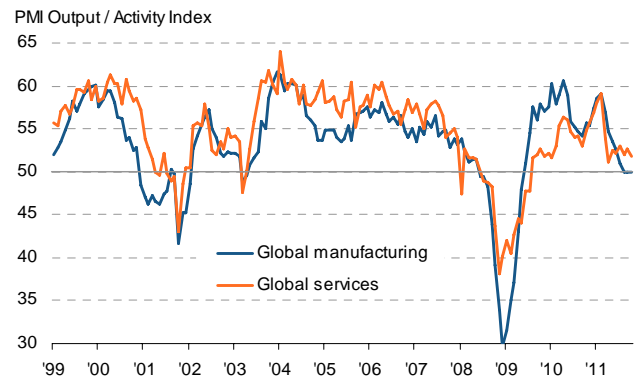
The data are consistent with global GDP rising at an annual rate of c.1.5%, down sharply from c.4% a year ago. By comparison, the average rate of global economic growth seen in the six years prior to the recession was 3.3%.

Global economic growth



Global manufacturing stagnated for the third month running, while the service sector continued to expand at a modest, lacklustre pace. The performance of the manufacturing sector in recent months has been the worst since the recovery began in mid-2009, with growth having deteriorated sharply since the soaring pace of expansion seen at the start of the year. Moreover, with the exception of the financial crisis, the recent performance of the goods producing sector is the worst since the Iraq War in 2003. Services have fared better than manufacturing, but ongoing growth in October was still weak by historical standards.

Global manufacturing and services

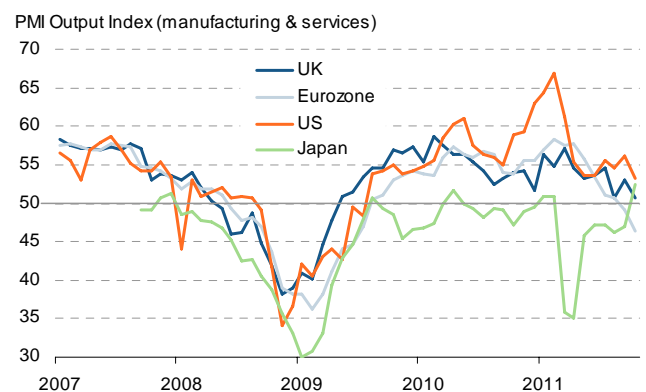


Eurozone, US and UK slowdowns contrast with upturn in Japan

Among the largest developed economies, worries remain centred on the Eurozone, where PMI data showed the region sliding further into decline. The index of combined manufacturing and service sector output showed the steepest contraction since June 2009, with even Germany now stagnating as business activity fell in the other major euro countries.

Growth in the US meanwhile slowed to the weakest since the recovery started in August 2009, and the UK saw a near-stagnation of activity. Japan, in contrast, saw a surprising uplift in its growth rate, with the Composite PMI hitting a record high, led by a growth surge in the service sector.

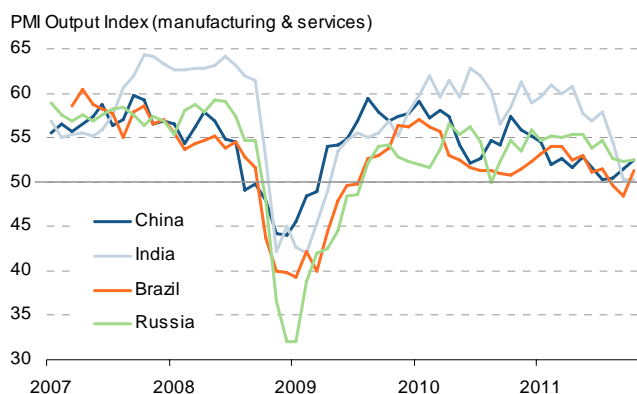
Developed world



Mixed signals also evident in emerging markets

Mixed trends were also evident among the largest emerging economies. Most disconcerting was the ongoing near-stagnation signalled by the PMIs for India – a far cry from the buoyant expansion seen in the first half of the year. On the other hand, PMIs signalled expansion in Brazil for the first time in three months, and China's growth rate accelerated for the second month running to reach a five-month high. A slight improvement in the pace of expansion was also recorded in Russia. However, in all cases, growth rates were very subdued compared with historical averages limited largely by a further fall in exports ([see here](#) for further details).

Emerging markets



Sources: Markit, ISM, JPMorgan, HSBC, Ecwin.

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