

## Developed Markets: Preliminary Composite PMIs



Notes: Purchasing Managers Indices summarizing whether activity is expanding, staying the same, or contracting; with 50 as the expansion/contraction threshold; Composite PMI includes manufacturing and services  
 Source: S&P Global/Haver Analytics, updated as of 24 November 2023, The Conference Board, 2023

## Preliminary November PMIs show no change in DM growth momentum

**Updated 28 November 2023**

The preliminary Purchasing Managers Indices for the major Developed Market (DM) economies US, the Euro Area, Japan and Australia published by ratings agency S&P Global showed no sign that the sluggish global growth momentum is changing. Composite PMI indices, which combine survey responses from manufacturing and services firms, have been trending sideways in the last few months showing no major change in direction.

The message here is that overall economic activity in the US and Japan remained stalled this month with index readings of 50.7 and 50, respectively, hugging the critical 50 expansion/contraction threshold. The Euro Area remained in a mild recession at 47.1, and only Australia seemed to deteriorate more noticeably.

Looking at the manufacturing/services breakdown, we see that the DM industrial sector is still in still recession territory where the index has been for the last 14 months(!). Meanwhile, it's resilient services activity that has so far prevented a broader economic contraction.

Forecasters have been waiting for a clearer signal whether the aggressive monetary tightening over the past 18 months will push Developed Economies into recession. Yet, once again, the earliest survey indicators for the current monthly failed once again to provide that clarity.

But therein also lies the good news. November was another month where economic growth in the developed economies should have remained positive. That is consistent with our 1.2% quarterly annualized forecast for real DM GDP growth in the 4th quarter.

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