

PMI®

by **S&P Global**

# Global economy

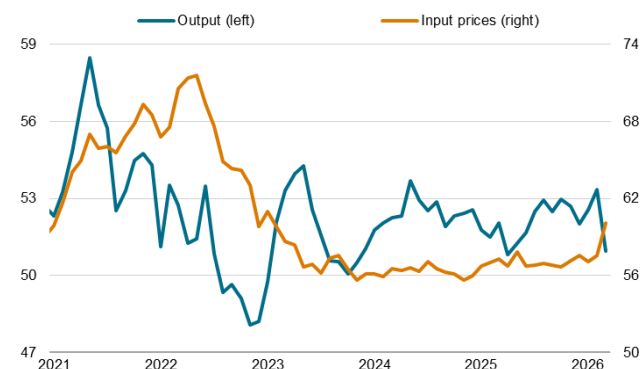
## Global PMI highlights stagflation risks as output growth slumps amid surge in prices

March's PMI surveys produced by S&P Global provided the first indication of changing economic conditions since the outbreak of war in the Middle East, and signalled an unwelcome combination of markedly slower growth and accelerating inflation.

Output growth moderated worldwide to one of the greatest extents seen since the global financial crisis of 2008-9, cooling to its weakest since last April. Firms' input costs meanwhile rose sharply for both goods and services thanks principally to surging energy and other raw material costs, rising globally at the fastest rate since January 2023.

The data therefore signal a worrying trend toward 'stagflation', presenting policymakers with a challenge in seeking to support economic growth and employment while curbing any signs of persistent inflation.

### Global PMI output and input prices



Data compiled April 2026 including PMI data to March 2025.

PMI index value of 50 = no change on prior month/over next 12 months, covers manufacturing and services.

Source: S&P Global PMI with J.P. Morgan.

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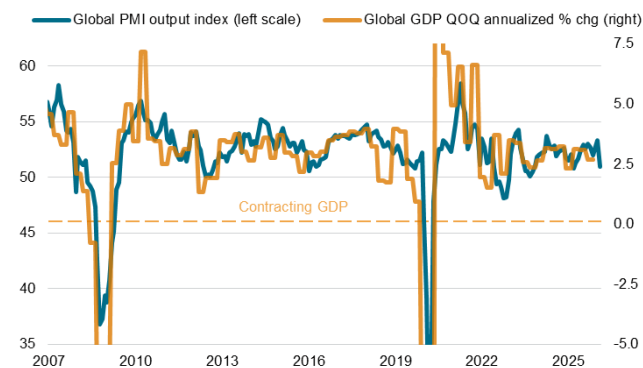
## Global PMI slumps lower on outbreak of war

Global economic growth slumped in March following the outbreak of war in the Middle East. The J.P.Morgan Global Composite PMI Output Index, compiled by S&P Global, fell from February's 21-month high of 53.3 to 51.0 in March, the lowest since last April (when the US announced far-reaching tariffs) and second-lowest since 2023.

The 2.4-point drop in the global output index was the largest since July 2022. Barring the pandemic, the drop was the largest since November 2008, underscoring the scale of the initial economic impact from the conflict in the Middle East.

The survey data therefore suggest that global economic growth has already taken a material negative hit from the outbreak of war in the Middle East on 28 February, which has derailed gathering upturn seen in the lead up to the conflict. The lower PMI reading signals a deceleration of global economic growth from 3.0% in February to an annualized quarterly rate of 2.0% in March.

### Global economic growth and the PMI



Data compiled April 7, including PMI data to March 2026

PMI (Purchasing Managers' Index) value of 50 = no change on prior month.

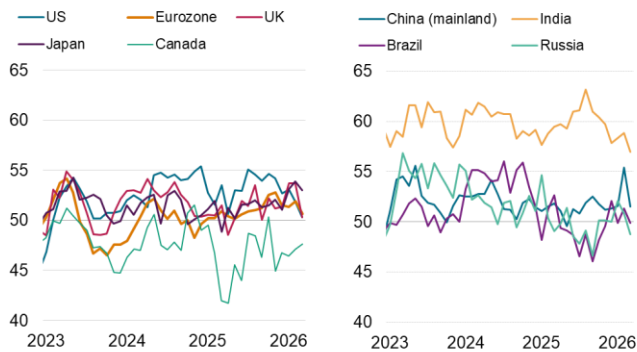
Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.

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## Broad-based deterioration of growth

Growth rates slowed across the board among the major economies. Downturns were seen in both Canada and Australia while activity came close to stalling in the US, UK and eurozone. That left Japan as the best-performing advanced economy, though even here growth softened. In the major emerging markets, slower growth rates in India and mainland China were accompanied by downturns in Russia and Brazil.

## Major economies, output

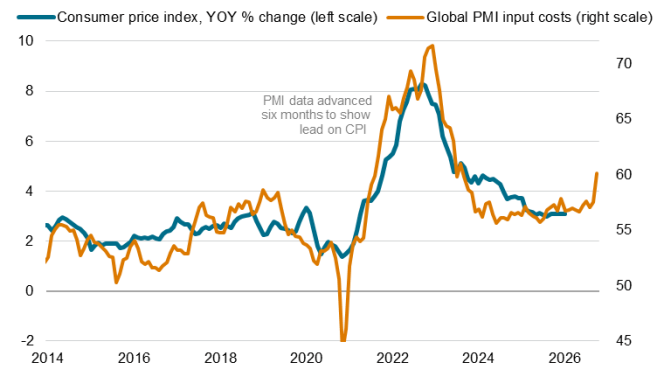


Data compiled April, 2025.  
PMI index 50 = no change on prior month, covers manufacturing and services.  
Source: S&P Global PMI, S&P Global Market Intelligence, HSBC, RatingDog  
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## Inflation spikes higher

Measured across both goods and services, average input prices meanwhile rose worldwide in March at the fastest pace since January 2023. This points to global consumer price inflation accelerating close to 5% in the coming months, up from 3.1% in January.

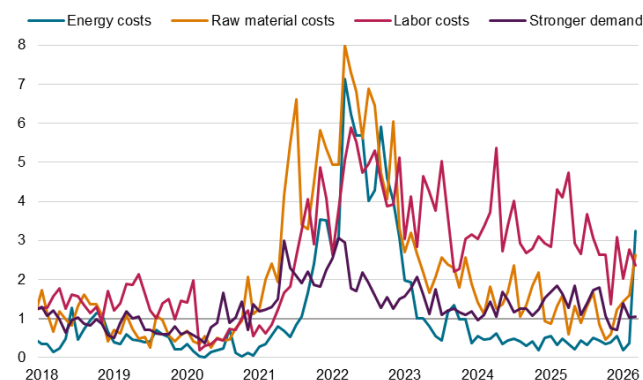
### Global consumer price inflation and PMI input costs



Data compiled April 2026 including PMI data to March 2026 advanced six months.  
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.  
Sources: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.  
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Average prices charged for goods and services also rose sharply as companies started to pass through the higher costs – notably for energy – on to customers, with the rate of inflation at a three-year high.

### S&P Global PMI: drivers of higher worldwide selling prices

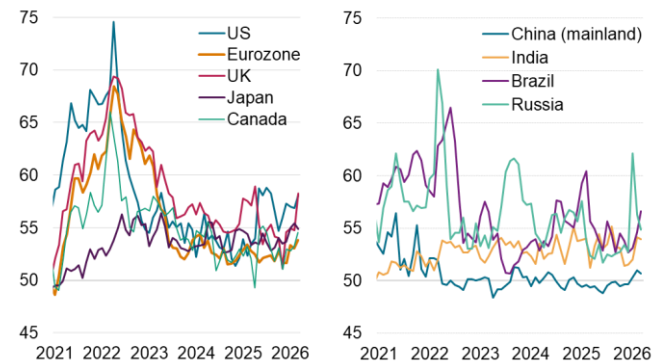


Data compiled April 2026.  
Axis scale 1 = long term average. Covers goods and services.  
Source: S&P Global PMI.  
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An especially steep jump in prices was recorded in the UK, where the overall rate of selling price increase rose to the highest since June 2023. US price growth also remained steep, accelerating to a seven-month high, while a 13-month high was seen in Brazil and a 31-month high reported in Australia. Inflation across the eurozone remained relatively muted but nonetheless prices rose at a rate not seen since February 2024, led by Spain and Italy.

In Asia, selling in prices across mainland China meanwhile rose only modestly, but the rise was notable in being the third monthly increase in a row after 13 months of decline. Although Japan's selling price inflation cooled slightly, it remained among the highest recorded by the PMI.

## Major economies, prices charged

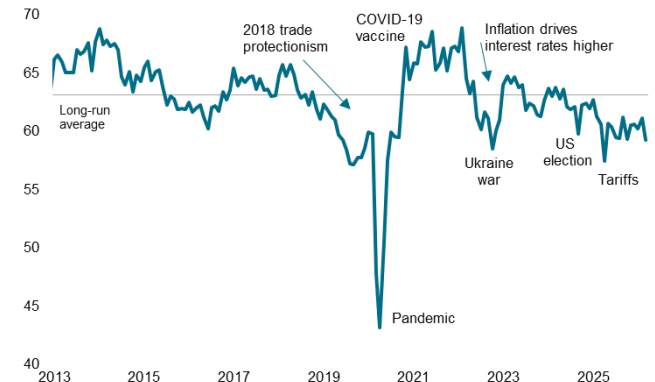


Data compiled April 2025 including PMI data to March 2025.  
PMI index 50 = no change on prior month, covers manufacturing and services.  
Source: S&P Global PMI, S&P Global Market Intelligence, HCOB, HSBC, al Jubin Bank, Caixa  
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## Business optimism slumps

The war also hit business growth expectations, reflecting the direct effect on confidence via heightened uncertainty but also reflecting the demand-sapping impact of higher prices. New orders rose globally at the slowest rate since November 2023, helping pull global output expectations for the year ahead to the lowest since October 2022 barring only the drop seen in response to the US tariff announcements in April 2025.

### Global PMI output expectations

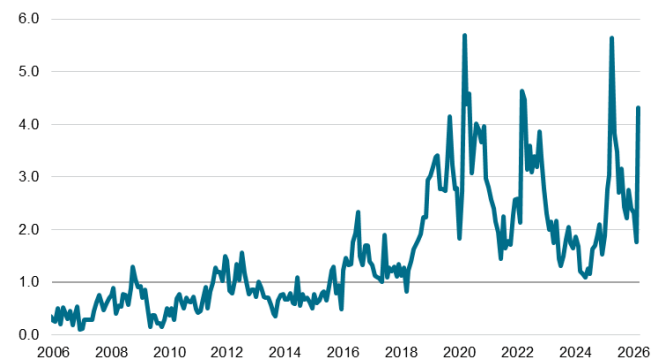


Data compiled April 2026 including PMI data to March 2026.  
PMI index value of 50 = no change in 12 months' time.  
Sources: S&P Global PMI J.P. Morgan.  
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Reports of 'uncertainty' having adversely affected business order books and growth expectations for the year ahead

have spiked to one of the highest levels seen over more than two decades of comparable survey history. Only the COVID-19 lockdowns and the April 2025 US tariff announcements have seen higher levels of damaging business uncertainty than reported in March since data were first available in 2005.

**PMI surveyed companies globally citing lower orders or lower output expectations due to "uncertainty"**

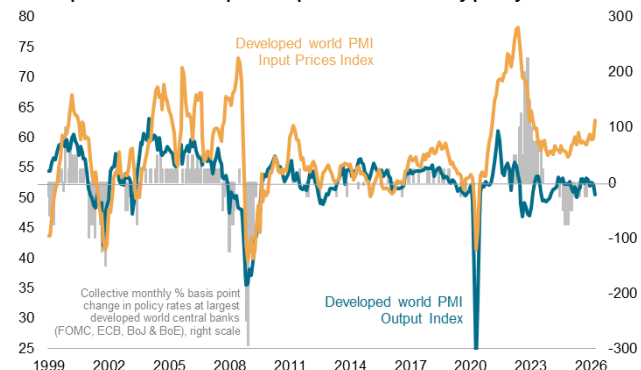


Data compiled April 2026.  
Axis scale 1 = long term average  
Source: S&P Global PMI.  
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## Policy outlook

The combination of slowing economic growth and rising prices raises the spectre of ‘stagflation’, which presents a challenge to policymakers, most notably in the developed world. Whereas rising inflation calls for higher interest rates, any increase in borrowing costs threatens to tip stalling economies into deeper slowdowns, or even deeper downturns.

**Developed world PMI output and prices vs. monetary policy**



Data compiled April 2026.  
PMI (50 = no change on prior month) covers manufacturing and services.  
Sources: S&P Global PMI, S&P Global Market Intelligence.  
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