

Global manufacturing

Global PMI shows factory growth spurt amid boost from price and supply worries

PMI survey data indicate that global factory production growth accelerated to a near five-year high in May, with the war in the Middle East having induced a surge in demand for manufactured goods and inputs. However, this growth spurt is being fuelled by precautionary stock building, as companies seek to safeguard against supply shortages and prices hikes linked to the conflict.

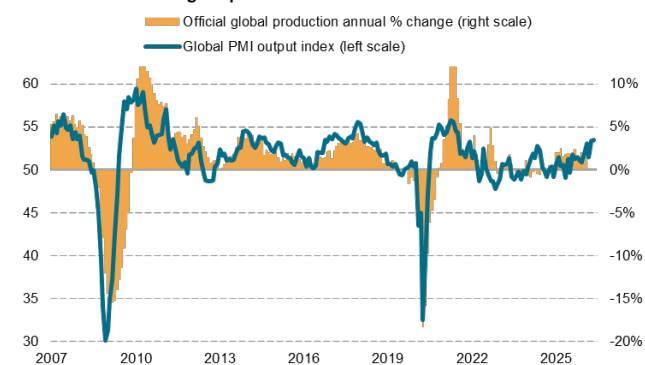
The forward purchasing by definition points to weaker growth of purchasing and production in the coming months.

Supply shortages, which have been more widely reported than at any time since 2022 in recent months, have already been reported as constraining output to a degree not witnessed since 2022. These constraints threaten to not only subdue growth but could also sustain further price pressures.

Factory production growth at fastest for nearly five years

The Global Manufacturing Purchasing Managers' Index (PMI) survey, sponsored by J.P. Morgan and compiled by S&P Global Market Intelligence, recorded the sharpest rise in worldwide factory production since July 2021 in May. The latest rise built on a similarly strong increase in April.

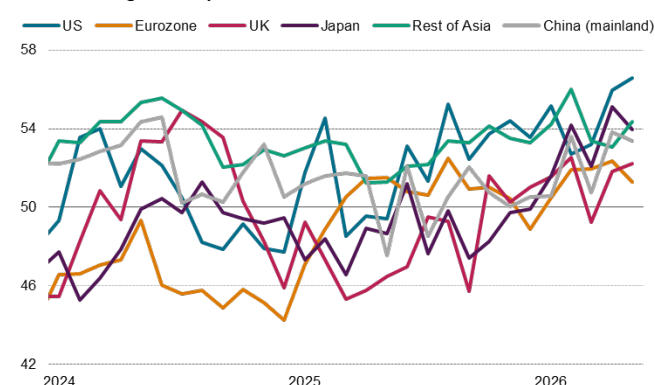
Global manufacturing output



Data compiled June 2026 using PMI data updated to May 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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US output growth hit the highest for just over four years in May, and the past two months have seen among the largest gain in production in Japan since the start of 2018. The solid expansion in mainland China was among the strongest for two years. The upturn in eurozone was meanwhile modest. Albeit in both cases, rates of growth lost a little momentum in May. The rest of Asia saw sustained strong output growth in May.

Manufacturing PMI output index



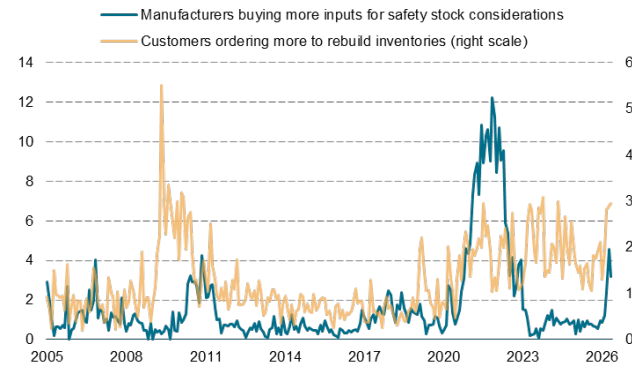
Data compiled June 2026 using PMI data updated to May 2026.
PMI (Purchasing Managers' Index) value of 50 = no change on prior month
Source: S&P Global PMI with RatingDog, S&P Global Market Intelligence.
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Stock building boosts growth

While the data point to encouraging resilience of the manufacturing economy as the war in the Middle East extended into its third month in May, growth in many cases has been buoyed by precautionary stock building as companies seek to buy good ahead of supply shortages or price rises linked to the war.

Analysis of comments provided by surveyed companies, explaining changes in order books and purchasing behaviour, reveal that the three months since the outbreak of war have seen the highest number of orders received due to customers building inventory since the global financial crisis. The number of manufacturers building safety stocks has meanwhile risen over the past two months to the greatest extent since the pandemic and Ukraine war stock build seen 2022.

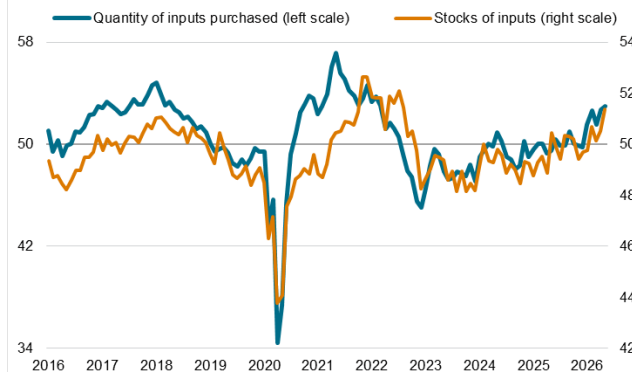
Global demand and safety stockpiling



Data compiled June 2026.
 Index 1 = long-run average based on reasons cited for changes by PMI survey contributors. 2 = twice long run average etc.
 Source: S&P Global PMI surveys.
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Input buying and inventories of inputs have likewise both risen in recent months at the steepest rates since 2022, in both cases the rate of increase gaining momentum in May.

Global factory input buying



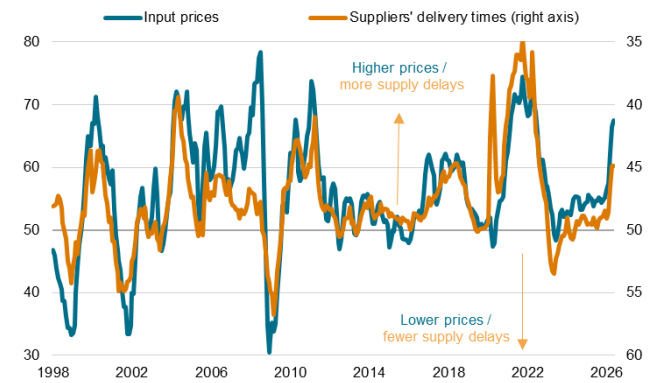
Data compiled June 2026 using PMI data updated to May 2026.
 PMI (Purchasing Managers' Index) 50 = no change on prior month.
 Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.
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Supply delays and price pressures intensify

The surge in demand for inventory has exacerbated supply and shipping delays caused by the closure of the Strait of Hormuz. As a result, average supplier delivery delays have lengthened in April and May to the greatest extents since mid-2022.

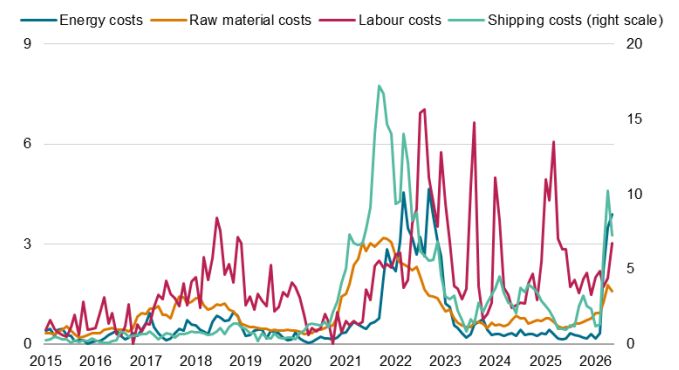
With demand exceeding supply for many products, prices have risen sharply again in May. Higher energy and shipping prices have also fed through to increased costs. Factory input costs consequently rose globally at the steepest rate since June 2022 during May, the rate of inflation having accelerated now for fourth successive months.

Global manufacturing supply delays and prices



Data compiled June 2026 using PMI data updated to May 2026.
 PMI (Purchasing Managers' Index) 50 = no change on prior month
 Source: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.
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S&P Global PMI: reported drivers of higher manufacturing input prices



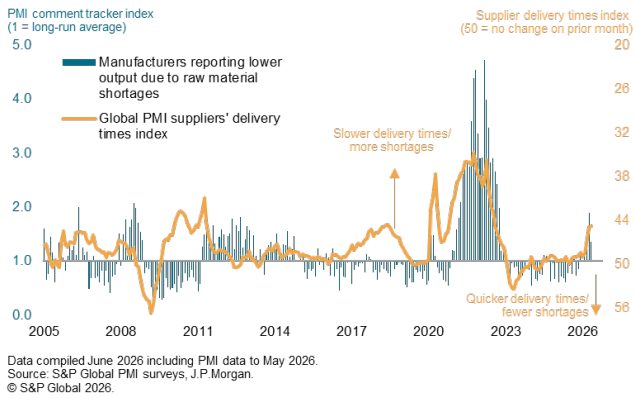
Data compiled May 2026.
 Series derived from worldwide PMI survey contributor comments, 1 = long-run average, seasonally adjusted.
 Source: S&P Global PMI.
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Inventories hold key to outlook

Looking ahead, the precautionary stock building is providing only a temporary boost to manufacturing output, and the bringing-forward of purchases – both by manufacturers and their customers – will inevitably result in weaker input buying, production and sales when the inventory cycle turns.

One upside of this inventory shift is the cooling of price pressures it could bring, as demand softens. However, it will also be important to assess how much supply shortages lead to production constraints, which could trigger further price rises by sustaining the supply shock. PMI contributors already report that war-related supply shortages have constrained output to a degree not seen since 2022.

Global supply chains constraining output



Much will of course depend on the duration of the conflict and its associated energy and supply chain disruptions. However, it is widely anticipated that it could take months for energy and shipping markets to return to normal even in the event of a swift resolution to the closure of the Strait of Hormuz, hinting at persistent high prices and rising production constraints as we head through the summer.

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