

# ECONOMIC PULSE

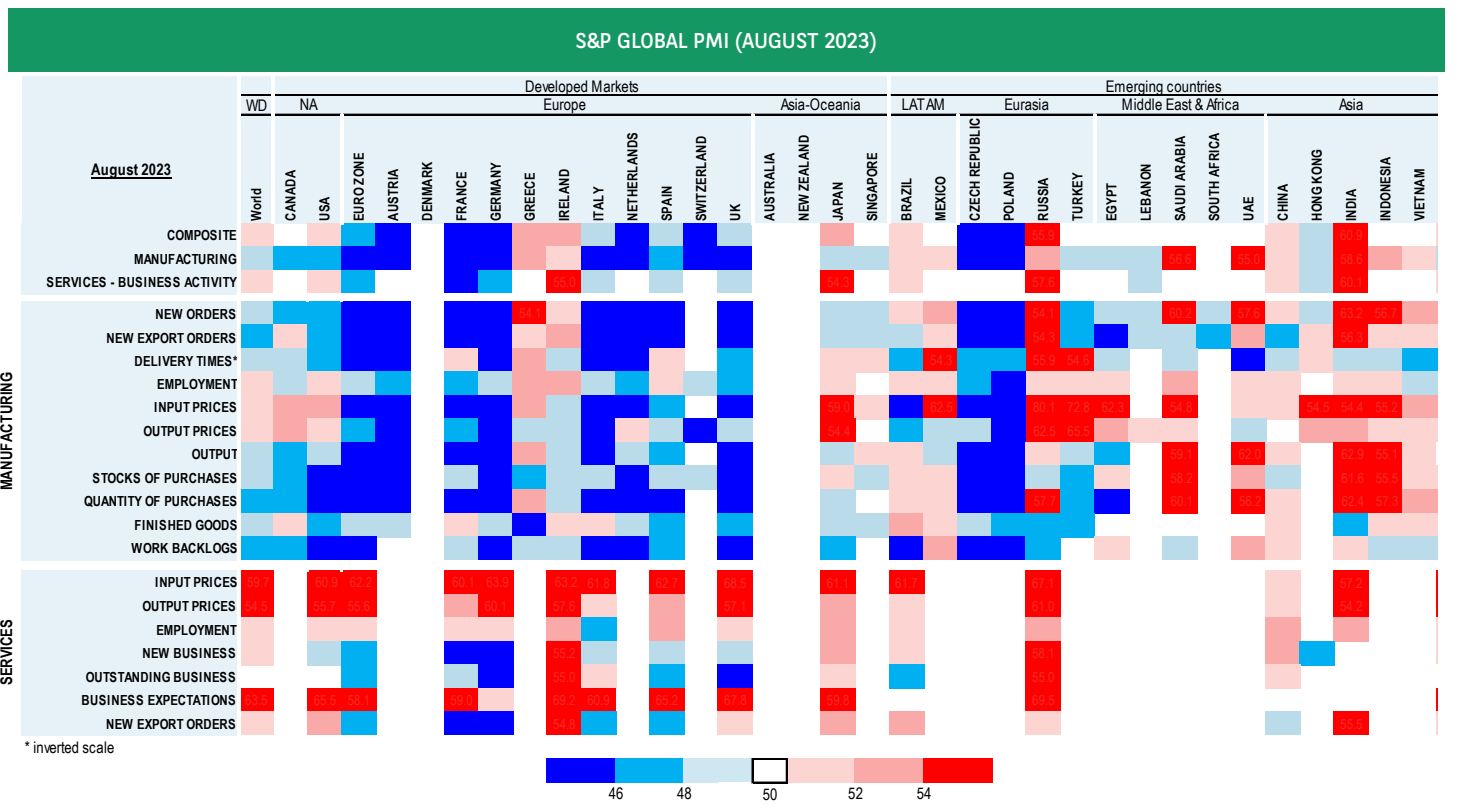
## PMI SERVICES AND MANUFACTURING: THE GAP NARROWED CONSIDERABLY

According to its final estimate, the S&P Global composite PMI index fell for the seventh month in a row in August, illustrating the loss of momentum in global growth in the middle of the 3rd quarter. The negative signal is reinforced by the level of the index, which reached just 50 (from 51.6 in July), the threshold between expansion and contraction. The good news of the modest increase in the manufacturing PMI (49 compared to 48.6 in July) – the first since May 2023 – is offset by the continued deterioration of the services PMI, for the seventh consecutive month (51.1 compared to 52.7 in July). The decoupling of the business climate between the two sectors is disappearing.

The deterioration in the services sector is widespread. Five of the six components covered by the survey fell: new business, new export orders, input prices, employment and output prices. Eleven of the 16 countries for which August data are available reported a decrease in the index compared to the previous month. This decline is marked in the euro area, driven down by Germany and Spain, to the point of sliding into contraction territory, for the first time since last December. The index also worsened in the United States, the United Kingdom and China. China's index is now at the lowest level since last December, when lockdown measures against Covid-19 were still in place.

The global manufacturing PMI index, while recovering slightly in August, remains in contraction territory for the twelfth month in a row, reflecting the difficult global economic conditions. In detail, the sub-indices of new orders, output, new export orders and quantity of purchases increased slightly but remained below 50. The employment sub-index rose (50.6 compared to 50.1 in July), but this good news is offset by the rise in input (51.1 compared to 49.3) and output prices (50.5 compared to 49.7), after three months of decline. The eurozone index rebounded, wiping out its July decline, but it remains well in contraction territory, almost 7 points below the 50-point mark. The manufacturing PMI also rose in the Asian countries covered by the survey. Conversely, the United States, Canada, and the United Kingdom saw their index fall due to a decline in new orders and output. In Japan, the index remained stable.

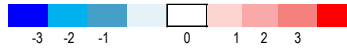
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## S&P GLOBAL PMI (AUGUST VERSUS JULY)

	World	Developed Markets																Emerging countries																			
		NA		Europe										Asia-Oceania		LAT AM		Eurasia			Middle East & Africa			Asia													
		Canada	USA	Euro Zone	Austria	Denmark	France	Germany	Greece	Ireland	Italy	Netherlands	Spain	Switzerland	UK	Australia	New Zealand	Japan	Singapore	Brazil	Mexico	Czech Republic	Poland	Russia	Turkey	Egypt	Lebanon	Saudi Arabia	South Africa	UAE	China	Hong Kong	India	Indonesia	Vietnam		
COMPOSITE	-1.0	-1.8	-1.9	0.8	1.8	-0.6	-3.9	2.6	-0.7	-3.1	-2.2	0.0	0.1	2.3	-2.0	-0.4	0.6	-0.9	0.0	-1.6	-1.1	-1.0	1.8	0.4	0.9	0.6	1.8	-0.2	0.0	-1.0	0.4	0.5	4.9				
MANUFACTURING	0.4	-1.6	-1.1	0.8	1.8	0.9	0.3	-0.6	3.8	0.9	0.6	-1.3	1.4	-2.3	0.0	0.1	2.3	-2.0	-0.4	0.6	-0.9	0.0	-1.6	-1.1	-1.0	1.8	0.4	0.9	0.6	1.8	-0.2	0.0	-1.0	0.4	0.5	4.9	
SERVICES - BUSINESS ACTIVITY	-1.6	-1.8	-3.0			-1.1	-5.0	-1.7	-1.7	-3.5	-2.0				0.5		0.4																				
MANUFACTURING	NEW ORDERS	0.5	-1.5	-1.3	0.0	-0.4	-0.5	-0.2	-0.8	3.4	0.6	0.6	-4.7	-4.3	0.4	0.1	2.6	-1.9	1.1	-1.0	1.8	-2.1	-0.3	-1.5	-2.9	2.4	0.2	2.8	-0.6	1.6	1.7	2.7					
	NEW EXPORT ORDERS	0.6	0.4	-1.8	1.1	-2.5	1.1	2.9	-0.4	4.3	-3.6	0.7	-0.1	-2.7	1.0	0.1	0.6	-2.4	4.1	2.3	7.0	-2.1	-1.2	-1.5	-11	-4.1	2.9	1.9	-1.0	0.4	0.5	4.9					
	DELIVERY TIMES	-0.7	0.1	-1.7	-3.1	-3.1	-4.4	-4.1	-0.3	0.2	-2.0	-4.2	-1.5	-0.5	-0.8	-0.1	-1.0	2.6	-3.8	0.3	-1.3	0.7	0.6														
	EMPLOYMENT	0.5	-0.2	-1.6	0.2	0.5	-0.3	0.3	-1.4	2.1	-1.0	-1.4	1.0	-0.6	-0.9		1.6	-0.4	1.0	-0.2	-2.1	-0.8	0.8														
	INPUT PRICES	1.8	2.3	1.3	3.9	3.1	0.1	4.7	6.6	2.3	3.5	5.9	8.9	-1.8	1.4		6.7	3.3	4.6	2.4	4.1	-1.8	3.7														
	OUTPUT PRICES	0.8	1.5	1.3	1.1	3.3	-0.4	0.7	-0.1	0.1	2.0	3.7	3.0	2.1	-0.8		2.3	0.5	1.1	1.6	2.0	-3.1	1.7	-0.4													
	OUTPUT	0.5	-3.4	-1.7	0.8	3.9	1.9	-1.6	-0.6	7.7	2.1	0.6	-1.5	-3.1	0.0	0.2	3.1	-2.2	0.9	-0.4	-0.4	-0.7	-1.0														
	STOCKS OF PURCHASES	-0.8	-2.9	-2.4	0.9	3.8	-0.3	0.6	-0.3	4.0	0.1	-0.7	1.1	-2.0	-3.3	-0.7	0.3	2.4	-4.0	1.4	0.3	3.7	1.8	1.7													
	QUANTITY OF PURCHASES	0.4		-0.1	0.5	3.5	-1.5	-0.1	-0.9	6.9	-0.3	1.8	-2.0	-2.8	0.3		2.6	-2.1	-0.2	-0.4	1.8	-2.8	-5.3														
	FINISHED GOODS	0.2	0.6	1.6	0.4	-3.0	2.9	-0.4	-1.4	1.1	0.8	4.0	-1.8	-1.7	-1.4	0.1	2.2	-0.2	1.2	-0.5	-1.1	0.8															
WORK BACKLOGS	0.1	-0.1	0.3	1.1		2.1	2.0	-4.2	-0.4	0.7	-0.3	1.2	-3.7	-0.5		-0.1	-2.9	-2.0	2.3	-0.7																	
SERVICES	INPUT PRICES	-0.5	-2.3	0.9			-0.4	0.9		-1.5	3.8		0.3	0.1	3.2		-2.1																				
	OUTPUT PRICES	-0.6	-0.9	-0.6			-1.3	0.0		1.3			-0.8	-2.3	0.0		-0.7																				
	EMPLOYMENT	-0.1	-0.6	-1.7			-1.8	-1.6		0.8	-2.4		-1.3	-1.2	2.8		0.5																				
	NEW BUSINESS	-1.0	-2.2	-1.5			-1.7	-0.6		-2.4	-2.2		-1.9	-1.5	1.7		0.5																				
	OUTSTANDING BUSINESS			-1.1			-2.4	-1.7		0.8	2.4		-2.6	-2.8	0.8		-0.4																				
BUSINESS EXPECTATIONS	1.2	1.6	0.0			-1.3	2.0		0.2	-2.5		1.0	-0.1	0.9																							
NEW EXPORT ORDERS	-1.4	-2.1	-0.3			-0.1	2.0		-0.5	-2.5		-3.6	-0.7	-0.5		1.8																					



SOURCE: S&P GLOBAL, BNP PARIBAS

