

PMI®

by **S&P Global**

# G4 economies flash PMI

## Flash PMIs show US outperformance gaining ground in July

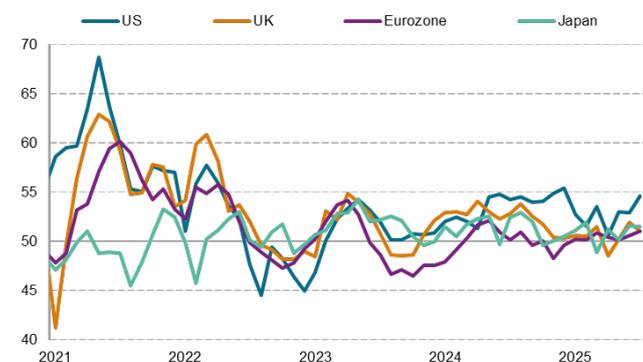
The flash PMI data compiled by S&P Global Market Intelligence indicated that the US reported a growing outperformance of business output growth among the four largest developed economies – the 'G4'. Growth is being spurred principally by the services economies of the major developed economies, and notably that of the US, linked in part to improving financial conditions. However, the US also reported the steepest rise in prices and the gloomiest prospects for the year ahead of the G4.

### US reports fastest output growth

The US once again reported the fastest growth of output of the G4 economies in July, according to early PMI data, outpacing the other major developed economies for the thirteenth time in the past 15 months and to the greatest extent since January.

While the US flash PMI composite output index (covering manufacturing and services) rose to 54.6 at the start of the third quarter, reaching its highest so far this year and one of the highest levels recorded over the past three years, far lower readings were seen elsewhere. The equivalent PMI index for Japan registered 51.5 while the eurozone and UK equivalents both registered 51.0, indicating especially modest economic growth.

#### Flash PMI output indicators of 'G4' economies

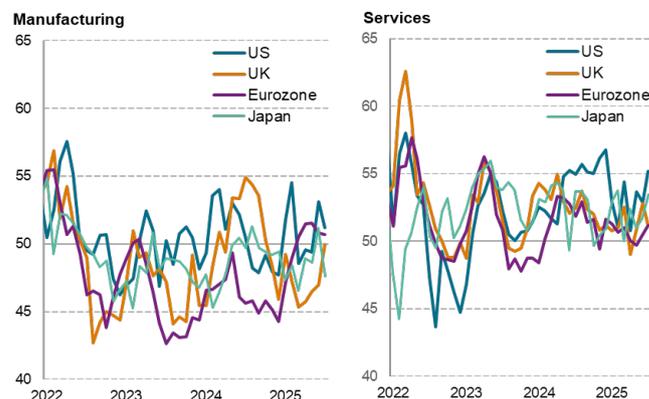


Data compiled July 24, 2025.  
PMI covers manufacturing and services. 50 = no change on prior month.  
Sources: S&P Global PMI with HCOB (Eurozone).  
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### Manufacturing trends distorted by tariffs

Somewhat counterintuitively for an economy in which the administration is focusing policy on supporting the manufacturing sector, the acceleration of growth in the US was driven by the services sector, where business activity rose sharply and at the fastest pace seen so far this year. In contrast, manufacturing output growth slowed in the US to register only a modest improvement, with production curbed by the first fall in new orders placed at US factories since December.

#### Flash PMI output of 'G4' developed economies

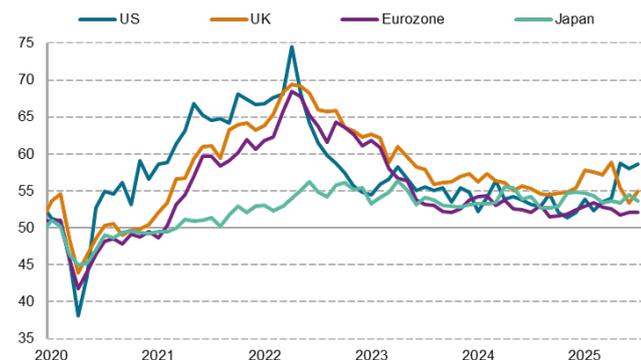


Data compiled July 24, 2025.  
G4 PMI covers the US, Eurozone, UK and Japan. 50 = no change on prior month.  
Sources: S&P Global PMI with HCOB (eurozone).  
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However, the manufacturing picture is being distorted by the front-running of tariffs. Having ramped up inventory building in May and June in response to the threat to prices and supply chains posed by higher rate, so-called "reciprocal", tariffs to have been implemented by the US in early July (now pushed out to 1<sup>st</sup> August), US companies have now reported a halting of this stock building. The July PMI in fact showed inventories of both finished goods and inputs falling in the US. Hence some of the weakness in the July US manufacturing data reflecting the maturing of this inventory adjustment process.

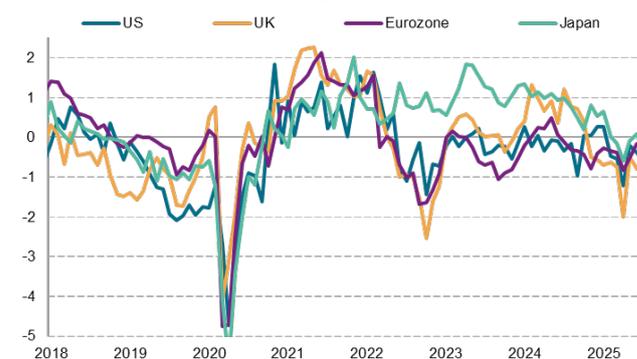


### Flash PMI output price indicators



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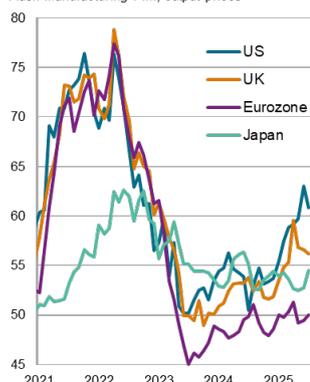
### Flash PMI future output expectations rebased to show divergence from long-run trends



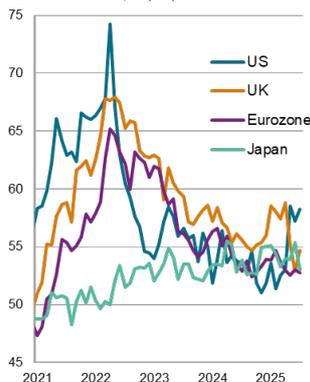
Data compiled July 24, 2025.  
PMI covers manufacturing and services. 50 = no change in year ahead rebased using z-scores (0 = long run average).  
Source: S&P Global PMI with HCOB.  
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### Flash PMI output prices

Flash Manufacturing PMI, output prices



Flash Services PMI, output prices



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While historical comparisons indicate that the US PMI prices charged index is consistent with consumer price inflation accelerating to around 4% in the coming months, eurozone and UK PMI price gauges are broadly indicative of inflation running close to central bank 2% targets. Japan's rate of price increase is meanwhile indicative of inflation staying elevated above the 2.0% mark in the coming months.

## Gloomier outlooks

Inflation worries quelled business optimism about the year ahead in the US, pushing growth expectations further below their long run average to a greater degree than witnessed in the other G4 economies. Only the UK in fact saw businesses grow slightly more confident in July, leading the G4, albeit improving from a low base. Sentiment around the world continued to be subdued in particular by concerns over the destabilizing effect of changing US trade policy.

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