

PMI®

by **S&P Global**

G4 economies flash PMI

October flash PMIs show US sustaining its lead among the developed economies

The flash PMI data compiled by S&P Global Market Intelligence indicated that growth in the US manufacturing and services sectors continued to outstrip that seen in the other major developed economies. However, faced with relatively higher cost inflation than the other economies due to tariffs, US firms are also reporting a steeper loss of exports and a larger build-up of unsold inventories in factories. Moreover, business optimism has fallen in the US to a level below that seen in Europe and Japan, relative to long run averages. Adding in a larger squeeze on profit margins in the US compared to other major economies, as firms soak up tariff costs to remain competitive, there is clearly a risk that the outperformance of US businesses may wane in the months ahead.

Flash PMI, G4 economies



Data compiled October 24, 2025.

PMI covers manufacturing and services. 50 = no change on prior month / no change in year ahead.

Source: S&P Global PMI with HCOB and au Jibun Bank.

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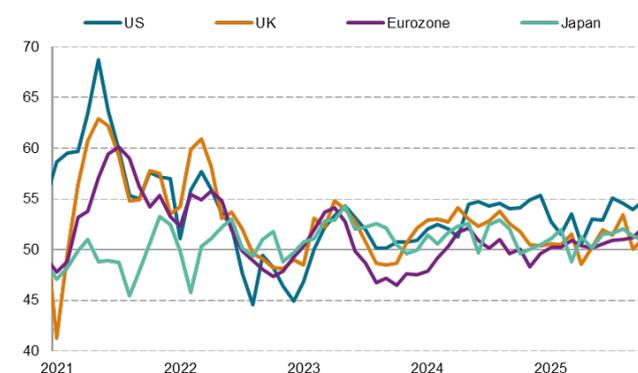
Output growth led by the US

S&P Global's flash PMI surveys showed the US sustaining a solid lead in terms of output growth among the major developed economies in October. Growth accelerated across the combined US goods and services sectors to one of the strongest rates seen over the past three and a half years. However, October wasn't just a US growth story, as growth also accelerated in the eurozone to the joint-fastest in almost two and a half years. Euro area companies, especially in Germany, reported that improving domestic demand in the single currency area helped drive

a stronger service sector expansion and a further recovery of manufacturing output. While relatively lacklustre performances were meanwhile seen in the UK and Japan, both continued to expand.

Measured across all four major developed economies, output growth in October was the fastest since August of last year.

Flash PMI output indicators of 'G4' economies



Data compiled October 24, 2025.

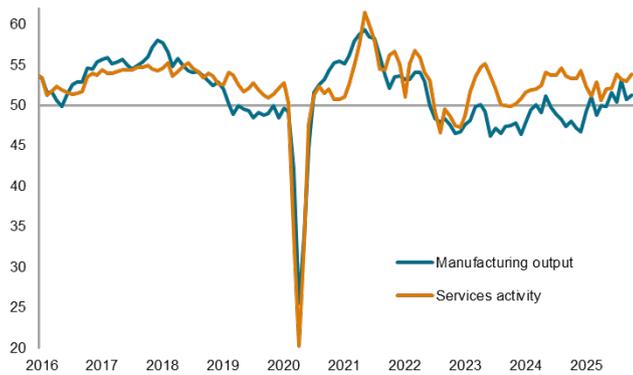
PMI covers manufacturing and services. 50 = no change on prior month.

Sources: S&P Global PMI with HCOB (Eurozone).

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Across the G4 economies as a whole, the upturn was led by the service sector, where business activity rose at an increased rate to register the joint-strongest expansion seen in the year to date. While manufacturing output posted a more modest upturn, the improvement was nonetheless notable in being the fifth successive rise and one of the better production gains seen over the post-pandemic period.

Flash PMI output of 'G4' developed economies

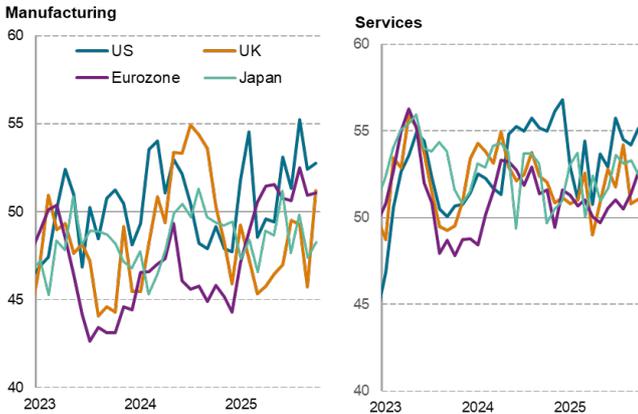


Data compiled October 24, 2025.
G4 PMI covers the US, Eurozone, UK and Japan. 50 = no change on prior month.
Sources: S&P Global PMI
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The manufacturing upturn was helped by a return to production in one of the UK's main car factories after a cyber-attack halted output in September, but ongoing production gains were also reported in the US and eurozone, contrasting with a sustained decline in Japan.

All G4 economies meanwhile reported higher services activity, but the US led the expansion. A key development, however, was accelerating services growth in the eurozone to the fastest for over a year.

Flash PMI output of 'G4' developed economies

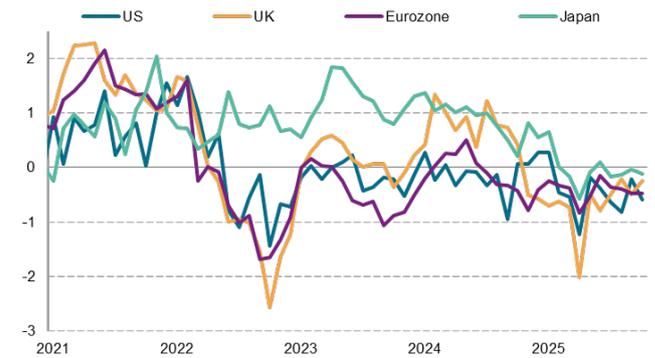


Data compiled October 24, 2025.
G4 PMI covers the US, Eurozone, UK and Japan. 50 = no change on prior month.
Sources: S&P Global PMI with HCOB (eurozone).
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US sentiment weakens

Although the US led the G4 economies in terms of current output growth, PMI respondents in the US became less optimistic. Looking at companies' expectations of their own output in 12 months' time, US firms grew less positive in October, taking sentiment below its long-term average to a greater degree than in the other G4 economies.

Flash PMI future output expectations rebased to show divergence from long-run trends (zero on axis)

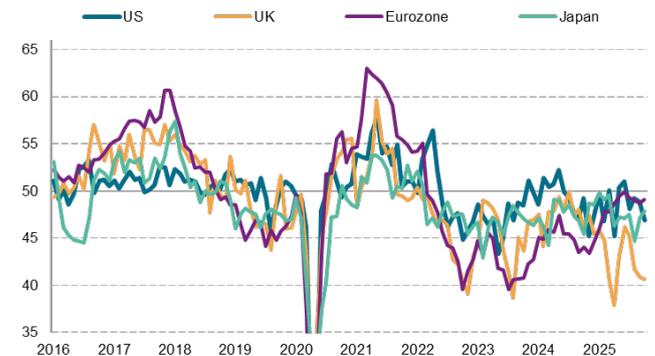


Data compiled October 24, 2025.
PMI covers manufacturing and services. 50 = no change in year ahead rebased using z-scores (0 = long run average).
Source: S&P Global PMI with HCOB.
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Sentiment fell across both service and manufacturing in the US, linked to concerns over government policies, including the federal shutdown but most notably in relation to tariff policy.

Tariffs were also cited as a key cause of lost US exports in October, marking a further contrast to the export gains seen earlier in the year. US goods exports orders fell sharply, accompanying falls in the other G4 economies to point to another deterioration in developed world trade flows in recent months in response to US tariffs.

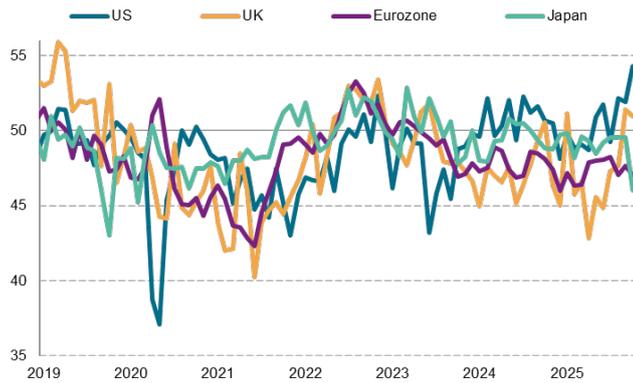
Flash manufacturing PMI export orders



Data compiled October 24, 2025.
PMI 50 = no change on prior month
Sources: S&P Global Market Intelligence with HCOB (Eurozone).
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The weakness of US export sales was also linked to an unprecedented rise in unsold stock inventories at US manufacturers, which typically augurs for weaker production in the coming months.

Flash manufacturing PMI inventories of finished goods

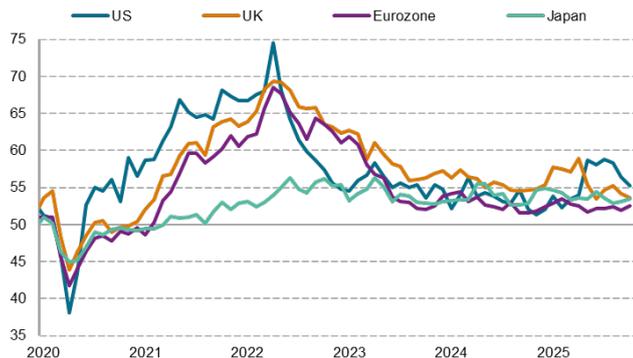


Data compiled October 24, 2025.
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US margin squeeze

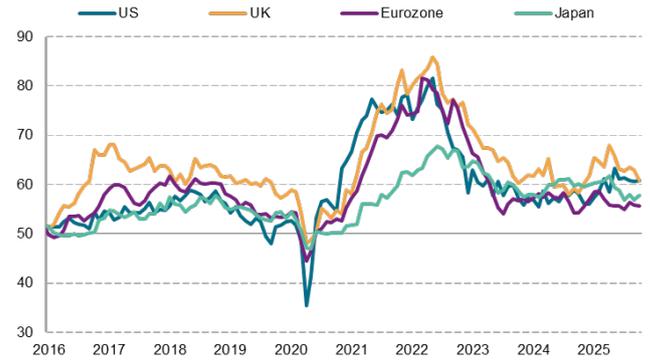
Disappointing sales in the US, both in terms of goods and services, were meanwhile cited as a cause of weaker selling price inflation in the US. Whereas the rate of increase of average prices charged for goods and services in the US has far outstripped rates seen in other G4 economies since April's tariff announcements, the gap narrowed in October as greater competition reportedly limited US firms' pricing power. However, with US input cost inflation reportedly remaining elevated in October, largely in response to tariffs, the weaker rise in selling prices points to a margin squeeze in the US in excess of that seen in other G4 economies, and to the greatest extent since March.

Flash PMI output price indicators



Data compiled October 24, 2025.
PMI covers manufacturing and services. 50 = no change on prior month.
Source: S&P Global PMI with HCOB (Eurozone).
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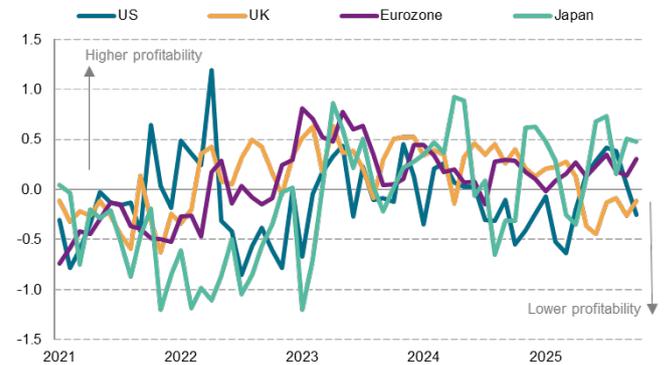
Flash PMI input price indicators of 'G4' economies



Data compiled October 24, 2025.
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Source: S&P Global PMI with HCOB.
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The margin squeeze signalled for the US in October contrasts with sharply improved scope for margins between May and August, and also contrasts with improved margins in Japan and the eurozone in October.

Flash PMI margin indicators



Data compiled October 24, 2025.
PMI covers manufacturing and services, based on differences in z-scores for output prices and input costs.
Sources: S&P Global PMI with HCOB.
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US outperformance to wane?

The flash PMI survey data therefore suggest that, while the US is currently outperforming the other major economies in terms of output growth, the gap could narrow in the coming months. Lower business optimism in the US, combined with an overhang of unsold inventory in manufacturing, a steepening loss of export orders and a broad margin squeeze, blamed principally on tariffs, threatens to subdue growth in the near term.

In contrast, growth has picked up momentum in Europe, and indications are for improved profit margins in both the eurozone and Japan. However, in all cases, the flash PMIs signal an undercurrent of caution among businesses, with sentiment about the year ahead remaining below long-run average in all major developed economies.

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CONTACT US

Chris Williamson

Chief Business Economist
S&P Global Market Intelligence
London

T: +44 779 5555 061
chris.williamson@spglobal.com

The Americas

+1-877-863-1306

EMEA

+44-20-7176-1234

Asia-Pacific

+852-2533-3565

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