

# Global economy

## Global economic upturn subdued at year end by financial services slowdown

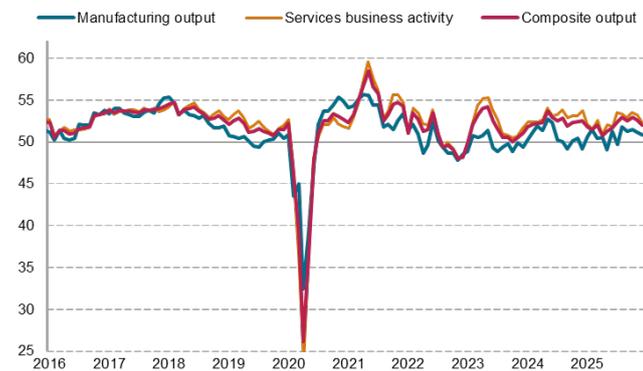
The global economic upturn lost a key ingredient of its recent strength in December, as growth of financial services activity weakened to register one of slowest expansions recorded over the past three years. Demand for banking services has slowed especially sharply, which is often a harbinger of weaker global economic growth.

### Growth slows across manufacturing and services

The worldwide PMI surveys produced by S&P Global in association with ISM and IFPSM for J.P.Morgan signalled further growth of business activity in December, but the rate of expansion moderated to the lowest since June. This reflected a slowing of growth across both manufacturing and services.

As has been the case almost continually since the early months of the pandemic (prior to the vaccines), the global expansion continued to be led by the service sector in December. Although the rate of services activity growth cooled to a six-month low, manufacturing output growth also slowed globally, down to its weakest since the brief drop in production recorded back in July.

#### Global PMI output



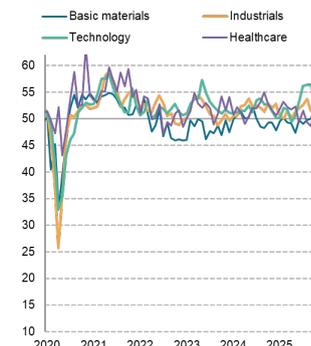
Data compiled January 2026 including PMI data to December 2025.  
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.  
Sources: S&P Global PMI with J.P.Morgan, S&P Global Market Intelligence.  
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#### Global PMI sector output



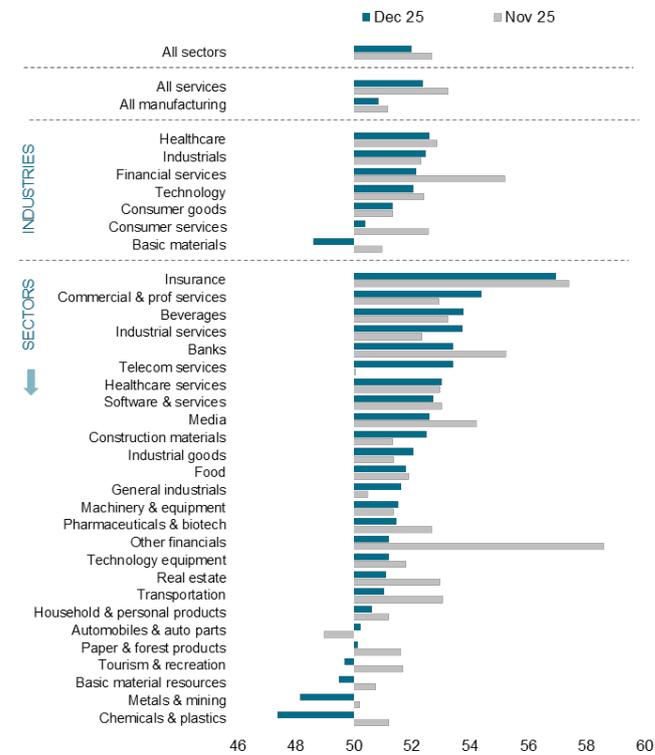
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#### Global PMI sector output



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#### Global PMI output index



Data compiled January 2026.  
PMI (Purchasing Managers' Index) value of 50 = no change on prior month.  
Source: S&P Global PMI, JPMorgan.  
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## Financial services and consumer-spending boost fades

By industry, global growth was broad-based but basic materials, where output fell after three months of expansion. Chemicals & plastics, metals & mining and basic material resource sectors all reported falling output, with only a very modest increase for paper & forestry products reported.

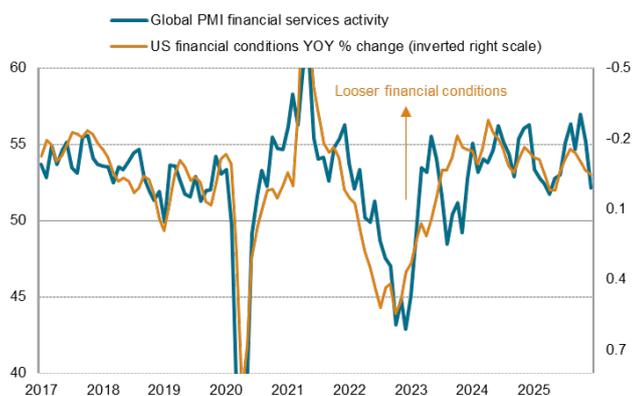
The only other sub-sector reporting falling output in December was tourism & recreation services, where business activity fell for the first time in six months, albeit dropping only marginally. The decline was nevertheless accompanied by a slowing of growth in the media sector, dragging overall consumer services growth to the weakest since last June. Consumer goods output meanwhile rose only modestly, reflecting a near-stalling of global order book growth for consumer goods.

An especially marked slowdown was also recorded in financial services, where growth of activity sank to the lowest since April, registering one of the weakest gains seen over the past three years.

December's marked drop in financial services growth deprives the global economy of one of the key props to growth seen over recent months: financial services reported the strongest growth of all industries in three of the prior four months.

The slowing in financial services activity in part reflects a reduced rate of improvement in underlying financial conditions, as illustrated by measures such as the Federal Reserve Bank of Chicago's Financial Conditions Index.

### Global PMI financial services output vs. financial conditions



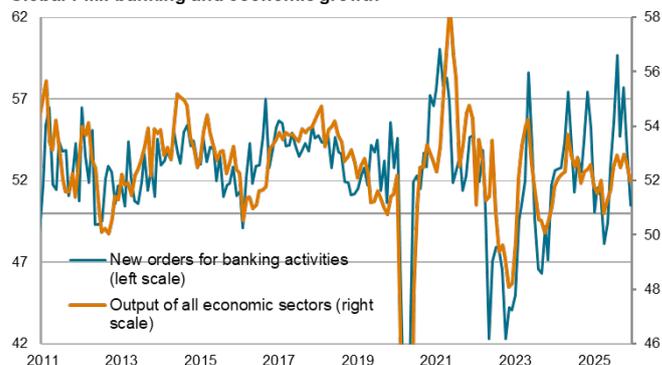
Data compiled January 2026.  
Source: S&P Global Market Intelligence, Federal Reserve Bank of Chicago.  
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## Near stalled demand for banking services

Growth of new orders for banking services slowed especially sharply in December, rising only marginally to signal the smallest increase since last May. A deteriorating trend for banking services is often an indicator of a broader

slowdown in the global economy, hinting that global growth could weaken further in the coming months unless banking activity revives.

### Global PMI: banking and economic growth



Data compiled January 2026.  
PMI based on 50 = no change on prior month, seasonally adjusted.  
Source: S&P Global PMI, J.P. Morgan.  
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