

PMI®

by **S&P Global**

Global economy

Global PMI at 21-month high prior to Middle East war amid productivity surge

Global PMI surveys indicated an acceleration of worldwide economic growth prior to the outbreak of the Middle East war, with the expansion hitting the fastest since May 2024.

February's upturn was one of the best seen since the pandemic, with robust service sector growth accompanied by a marked improvement in the manufacturing sector, where production growth jumped to its strongest since December 2021.

However, despite reporting improved order books, companies kept their employment levels largely unchanged globally, principally reflecting a sustained focus on cost control amid subdued business optimism about the year ahead. The resulting rise in productivity was the largest recorded for over a decade excluding the pandemic.

Global PMI rose ahead of Iran war

Global economic growth accelerated in the lead up to the war in the Middle East. The J.P. Morgan Global Composite PMI Output Index rose from 52.6 in January to 53.3 in February, its highest since May 2024 and one of the strongest readings seen since the pandemic.

The upturn in the PMI signals a further acceleration of economic growth globally, equivalent to GDP rising at an annualized quarterly rate of 3.0%, which is only marginally below the pre-pandemic long-run average of 3.2%.

The survey data therefore suggest that global economic growth had more or less returned to its long-run trend rate ahead of the US-Israeli attacks on Iran (the February data were collected just prior to the first attacks on 28 February).

Global economic growth and the PMI



Data compiled March 5, including PMI data to February 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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Demand revival

Service sector growth improved globally to a four-month high while factory production growth jumped to its strongest since December 2021.

The acceleration of growth was driven by improving demand conditions. Companies reported the largest monthly influx of new business since May 2023 in February. Service sector new business grew at one of the fastest rates seen over the past year, but the bigger change was seen in manufacturing, where new orders growth hit the highest for four years. Both sectors also reported renewed export growth to point to the strongest upturn in international trade for more than four years.



Focus on productivity

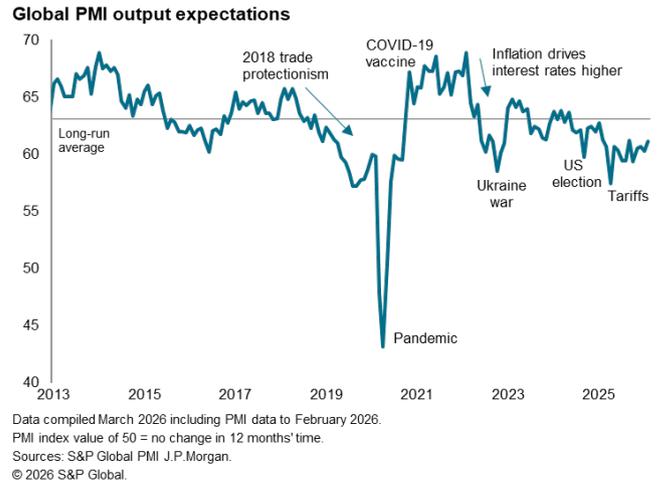
Such a rise in new orders would normally stimulate a rise in employment. However, the past two years have seen unusually weak jobs growth globally by comparison with new orders growth, often linked to elevated levels of business uncertainty and low confidence, with a further near-stagnation of job numbers reported in February.



Global business confidence subdued by historical standards

Companies' output expectations meanwhile rose globally to the most optimistic since last September (and the second-highest over the past year), in part reflecting some positivity around a more benign economic impact from US tariff policies.

However, optimism remained below the survey's long-run trend, which has been the case since mid-2024, principally reflecting high levels of geopolitical uncertainty leading up to, and following, the 2024 US Presidential election, which exacerbated ongoing cost of living issues in many countries and existing sources of geopolitical uncertainty, notably the Ukraine war. It should also be noted that the latest data were collected prior to the outbreak of the Iran war.

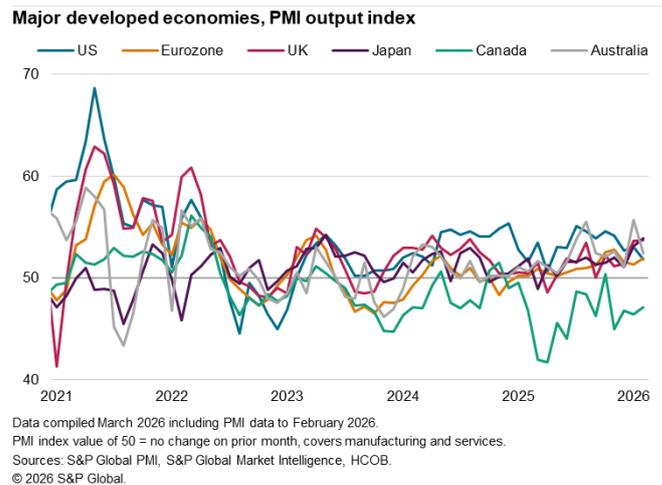


Japan leads developed world

Japan reported the fastest output growth of the largest advanced economies in February, with the PMI index covering manufacturing and services reaching its highest since January 2014, barring only the rise seen in May 2023.

The UK also grew strongly, the rate of expansion holding steady on January's 17-month high. Eurozone growth also ticked higher, reaching one of the fastest rates seen over the past three years.

In contrast, growth slowed to a ten-month low in the US, in part due to adverse weather, and also weakened in Australia to the second-lowest recorded over the past eight months. While Canada remained in a steep downturn, its rate of contraction moderated.



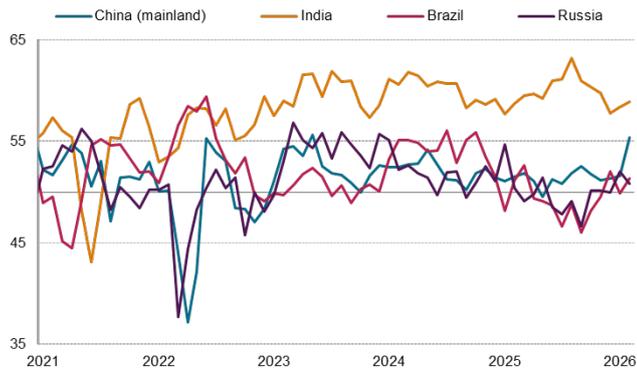
Mainland China buoys emerging market growth

Although India continued to report the fastest output growth among the four largest "BRIC" emerging economies in February, as has been the case over the past four years, the biggest change was recorded in mainland China, where the rate of growth accelerated sharply to the fastest since May 2023.

Barring the pandemic growth spurts, China's growth was the sharpest since 2010, reflecting rebounding manufacturing and services activity amid resurgent domestic and export demand.

Only modest growth rates were meanwhile seen in Brazil and Russia, albeit in both cases representing improvements on the declines seen throughout much of last year.

Major emerging economies, output



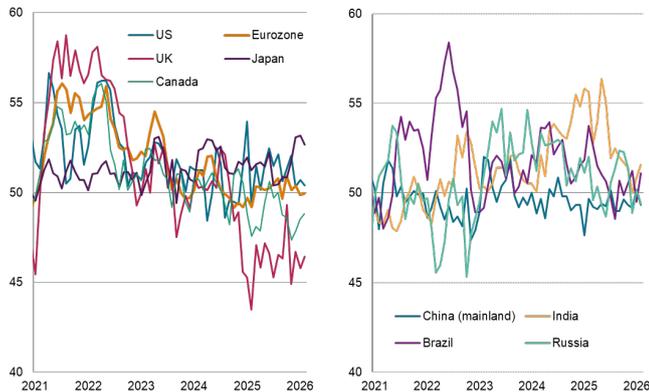
Data compiled March 2026 including PMI data to February 2026.
 PMI index value of 50 = no change on prior month, covers manufacturing and services.
 Sources: S&P Global PMI, S&P Global Market Intelligence, HSBC, RatingDog.
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Japan bucks global jobs malaise

Japan stood out among the major developed economies in again reporting strong jobs growth in February, contrasting with sharply falling headcounts in both the UK and Canada, a largely flat picture in the eurozone and a weakening hiring scene in the US.

While jobs growth picked up in both India and Brazil, rates of job creation remained modest compared to the highs seen last year. Falling employment was meanwhile seen in both Russia and mainland China.

Major economies, employment



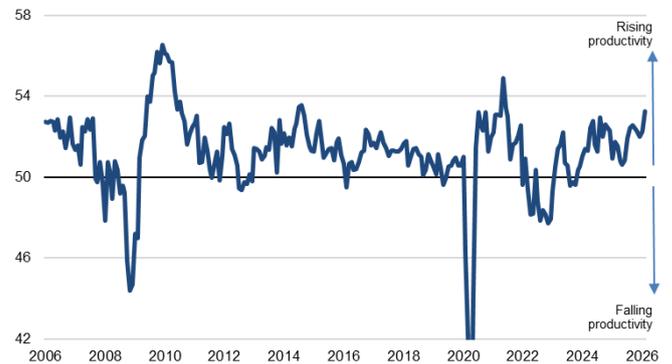
Data compiled March 2026 including PMI data to February 2026.
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 Source: S&P Global PMI, S&P Global Market Intelligence, HCOB, HSBC, RatingDog.
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Productivity on the rise

The combination of rising global output and stalled employment implies an improvement in global labour productivity. A simple ratio of the global PMI's output index

to the employment index in fact indicates that productivity is rising worldwide at a rate not seen since June 2021. Moreover, barring the pandemic, the latest rise in productivity implied by the PMI is the strongest recorded since August 2014.

Global PMI, implied productivity growth



Data compiled March 2026 using data to February 2026.
 Derived from PMI output index/employment index (x 50)
 Source: S&P Global PMI.
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Recent productivity growth can be traced to companies reporting the need to reduce cost overheads amid elevated input price inflation and the uncertain economic outlook. Measured globally, input cost inflation across manufacturing and services has been running well above the long-run average since the pandemic. With the war in the Middle East driving energy costs sharply higher, and fueling further geopolitical uncertainty, the economic environment is likely to place further pressure on companies to seek productivity gains in the coming months.

Global PMI input prices



Data compiled March 2026 including PMI data to February 2026.
 PMI (Purchasing Managers' Index) 50 = no change on prior month.
 Sources: S&P Global PMI with J.P. Morgan, S&P Global Market Intelligence.
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