

# Global economy

## PMI signals fastest global economic growth for three years

- **Global PMI rises to 40-month high of 55.4, signalling annual GDP growth of 3%**
- **US and UK leading the pack, growth in Asia resumes following brief hiatus**
- **Global job creation at three-year record**

The global economy ended the second quarter on a high note. Growth rates for output and new orders accelerated to the fastest since February 2011, according to PMI™ survey data. The upturn also broadened out, with growth spurts in the US and the UK being accompanied by signs that Asia is lifting from its recent soft patch.

At 55.4 in June, the [JPMorgan Global PMI™](#), compiled by Markit, has signalled expansion throughout the past 21 months. At 54.1, the average reading over the second quarter as a whole signals that global GDP is now rising at an annual rate approaching 3.0%, up from 2.3% in the first quarter, the best growth outcome since the opening quarter of 2011.

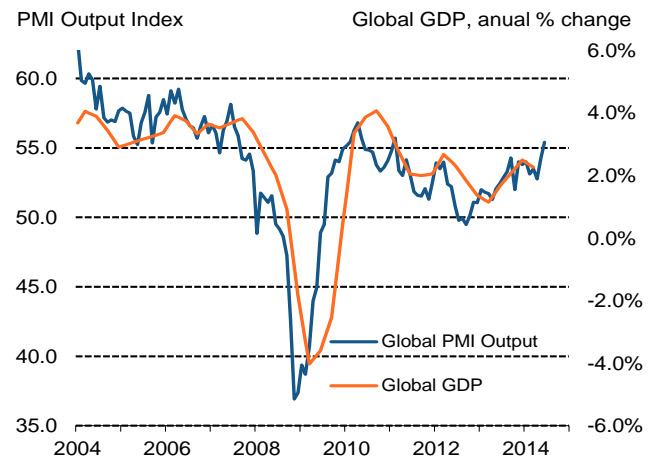
The upshift in the rate of economic expansion and strong inflows of new business are also translating into meaningful job creation, with June seeing the steepest lift in global payroll numbers for over three years.

### US and UK remain bright spots

The rate of increase in output in [the US](#) was especially strong, hitting its highest since the Markit series was first calculated in October 2009. Faster output growth was underpinned by a similar record expansion in incoming new orders. The US is likely to achieve an annualised GDP growth rate of around 4% in quarter two, more than reversing the opening quarter's 2.9% contraction.

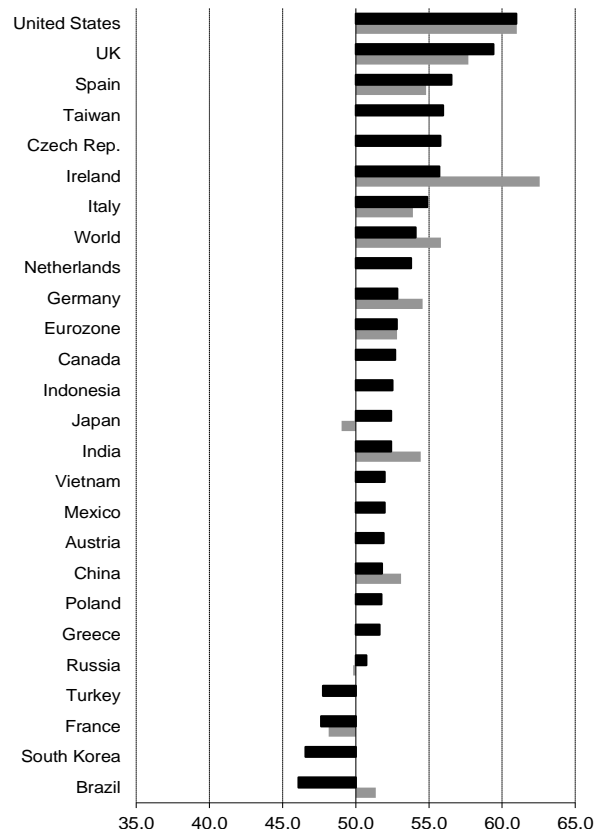
Ongoing surges in construction, manufacturing and services PMI surveys meanwhile suggest the [UK economy](#) is on track to enjoy a further solid 0.8% quarterly gain in GDP during Q2. Inflows of new business in the UK also continued to rise at a near-record pace, boding well for sustained momentum in coming months.

### Global gross domestic product



### National PMI Output Rankings

DI, sa, 50 = no change  
Black: Manufacturing, Grey: Services



N.B. Data are ordered according to national manufacturing output indexes

Chart sources: Markit, J.P.Morgan, HSBC, Reuters EcoWin

The US and UK were also bright spots for job creation in June. Survey-record gains in payroll numbers were registered in both nations, which should help sustain the ongoing reductions in unemployment rates being achieved on both sides of the Atlantic.

### Clouds linger over eurozone recovery

The recovery in the [euro area](#) also continued in June, albeit with clouds continuing to linger over the region. Output growth slowed to its weakest since December, job creation remained lacklustre at best, France fell deeper into contraction and the expansion in Germany slowed further.

Under the surface, however, there were still some shoots of optimism. Inflows of new business improved and conditions outside of the currency union's big-two economies strengthened. Despite the June slowdown, the latest figures round off the best quarter for the eurozone in three years, with GDP growth likely to accelerate from 0.2% to 0.4%.

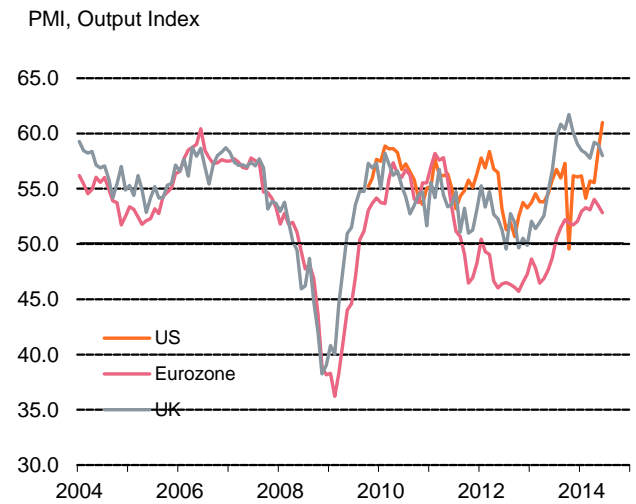
### Asia moves into recovery position

June PMI data provided the first real signs that Asia may be emerging from its recent soft patch. [Japan](#) showed a reassuring stabilisation after the two months of contraction which followed April's tax hike. Output growth in [China](#) and [India](#) meanwhile accelerated to the highest since early in 2013. The pick-up in China reduces fears of a sharper than expected slowdown in 2014.

The news from the labour markets of Asia's largest economies was less positive. The solid rebounds in employee numbers seen in the US and the UK were not replicated in China, Japan or India, with all three seeing staffing levels stagnate in June as companies remained uncertain about the economic outlook and focused on cost control rather than expansion.

The remaining BRIC nations of [Brazil](#) and [Russia](#) continued to register lacklustre trends in output in June. Brazil has broadly stagnated throughout the second quarter of the year, squashing any receding hopes of a mid-year economic recovery. Russian output stabilised in June, ending a three-month period of contraction.

### Output: US, UK and eurozone



### Asia Output: China, Japan and India

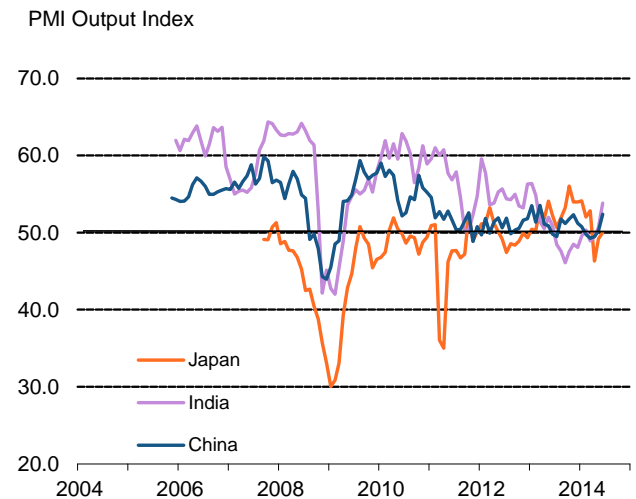


Chart sources: Markit, HSBC

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