

COVID-19 and the purchasing managers' index

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The COVID-19 pandemic not only had tragic consequences for the health of humanity but had massive socioeconomic effects. Indeed, at

the time of writing, we are still seeing record numbers of people infected with the coronavirus and there is much disruption to the daily lives of many people and the commercial world of supply and demand.

Work in the *International Journal of Public Policy* has looked at the so-called "purchasing managers' index" (PMI) to see how this value might work as a predictor of the economic situation during a [pandemic](#) and whether it has relevance for decision making. Javier Cifuentes-Faura in the Faculty of Economics and Business at the University of Murcia, in Murcia, Spain, explains how the pandemic led to the simultaneous destruction of both supply and demand as consumers and businesses were forced into lockdown, transport limited, working and learning from home enforced, and the demands of many regions were reduced to just the essentials.

The short-term data on how [international trade](#) was affected by COVID-19 cannot yet tell us much about whether we are now seeing a longer-lasting global downturn, although it may well be likely. Cifuentes-Faura has investigated the PMI and the European Union's gross domestic product (GDP). The aim is to determine whether there is a correlation between the two that can explain the past and present economic changes and perhaps helps us predict something about the future. The research also looks at the measures taken by public authorities and what if any impact these had on reducing the [economic impact](#) of the pandemic.

The COVID-19 will ultimately lead to a major economic crisis and a deep recession across many sectors, Cifuentes-Faura suggests, this will be especially true in the tourism and hospitality sectors. The monthly publication of the PMI offers a way to quickly determine whether policy changes are affecting the economy in a positive or negative way so that they can perhaps be adjusted before their impact on GDP becomes ingrained. First indications that we may have had all along irrespective of PMI and GDP predictions suggest that "A comprehensive package of

emergency measures by [individual countries](#) is also needed to lessen the impact of this pandemic globally," Cifuentes-Faura concludes.

More information: Javier Cifuentes Faura, The purchasing managers' index as a predictor of the economic situation during COVID-19 and its relevance for decision making, *International Journal of Public Policy* (2022). [DOI: 10.1504/IJPP.2021.121893](https://doi.org/10.1504/IJPP.2021.121893)

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