

News Release

MARKET SENSITIVE INFORMATION
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J.P.Morgan Global Services PMI™

Produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM

Global service sector remains lacklustre in June

The performance of the global service sector remained sluggish in June. Despite uplifts in the rates of expansion of business activity and new orders, growth of both was among the weakest since late-2016. Business optimism was also relatively downbeat, falling to a three-year low and its second-lowest level in the series history.

The J.P.Morgan Global Services Business Activity Index – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – was at 51.9 in June, up slightly from May's 33-month low of 51.6.

The strongest rate of output expansion was registered in the financial services sector, followed closely by consumer services, with both seeing mild growth accelerations. The increase in activity at business service providers was comparatively subdued, matching May's 32-month low growth rate.

Ten of the 13 nations for which June services PMI data were available recorded an increase in output. The exceptions were Brazil, India and Russia. Brazil saw its rate of decline ease, whereas India and Russia both fell into contraction following periods of growth.

The strongest performers – Ireland, Spain, Germany and France – were all based in Europe. Japan, China and Australia also registered growth at, or above, the global average. Expansions were also seen in the US, the UK and Italy.

June saw a further increase in global service sector employment. However, the rate of job growth eased to a five-month low and remained below its long-run survey average. Staffing levels rose in almost all of the nations covered by the survey. The only exceptions were further job cuts in Brazil and Russia. Capacity remained an issue in several nations, as indicated by another increase in backlogs of work.

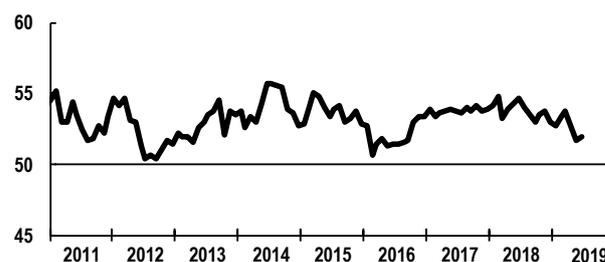
June saw marginal accelerations in the rates of inflation in input costs and output charges. Increases in both price measures were higher (on average) in developed nations compared to emerging markets.

Commenting on the survey, Olya Borichevska, from Global Economic Research at J.P.Morgan, said:

“The June report came in soft with limited signal of renewed sharp weakness taking hold at midyear. Any sustained revival needs business confidence to improve solidly during the coming months. On this front, the drop in optimism to a near-record low in June is a poor first step.”

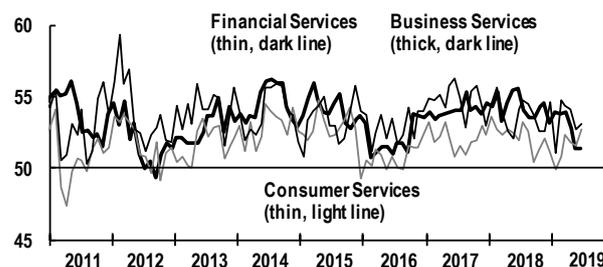
Service sector business activity

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JPMorgan Global PMI Sectors: Services Business Activity

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Global Services PMI™ Summary

50 = no change on prior month.

Index	May	Jun.	+/-	Summary
Output/Activity	51.6	51.9	+	Growth, faster rate
New Business	52.0	52.6	+	Growth, faster rate
New Export Business	50.3	49.9	-	Falling, from rising
Backlogs of Work	49.6	50.7	+	Rising, from falling
Input Prices	54.3	54.4	+	Rising, faster rate
Output Charges	51.1	51.8	+	Rising, faster rate
Employment	52.3	51.9	-	Rising, slower rate
Future Activity	60.4	60.1	-	Positive, lesser extent

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Notes to Editors:

The Global Report on Services is based on the results of surveys covering over 7,000 executives carried out in the US by IHS Markit (after September 2009) and the ISM (before October 2009), and in China, Japan, Germany, France, the UK, India, Brazil, Italy, Russia, Spain, Australia, Saudi Arabia, Nigeria, South Africa, the UAE, Ireland, Singapore, Hong Kong, Egypt, Kenya and Lebanon by IHS Markit, and in New Zealand by Business NZ. These countries together account for an estimated 76% of global service sector gross value added (GVA)².

For the US, data are taken from a combination of the IHS Markit US Services PMI™ and the ISM non-manufacturing survey. Global services PMI data points after September 2009 include data from the IHS Markit US services PMI survey in the calculation. For global services PMI data prior to October 2009, the calculation is based on data taken from the ISM non-manufacturing survey. Where appropriate, month-on-month changes in the ISM data series have been applied to the IHS Markit series to form a proxy back history.

In addition to the service sector included in the other countries, the ISM non-manufacturing definition also includes agriculture, construction, mining, public administration, retail, utilities and wholesale sectors.

Questions are asked about real events and are not opinion based. Data are presented in the form of diffusion indices, where an index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease.

The services report is accompanied by a Global Report on Manufacturing and a Global Composite PMI™ Report.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ :	21.6%			
After Sep. 2009		IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Before Oct. 2009		ISM	–	www.ism.ws
China	12.7%	IHS Markit	Caixin	www.caixin.com
Japan	7.7%	IHS Markit	Jibun Bank	www.jibunbank.co.jp
Germany	4.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
France	3.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
United Kingdom	3.5%	IHS Markit	CIPS	www.cips.org
India	3.3%	IHS Markit	–	–
Brazil	2.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Italy	2.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Russia	2.1%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Spain	1.9%	IHS Markit	AERCE	www.aerce.org
Australia	1.7%	IHS Markit	Commonwealth Bank	www.commbank.com.au
Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.5%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Ireland	0.4%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Singapore ³	0.4%	IHS Markit	–	–
Hong Kong ³	0.4%	IHS Markit	–	–
Egypt ³	0.3%	IHS Markit	Emirates NBD	www.emiratesnbd.com
New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Kenya ³	0.1%	IHS Markit	Stanbic Bank	www.stanbicbank.co.ke
Lebanon ³	0.1%	IHS Markit	BLOMINVEST Bank	www.blominvestbank.com

1 Data from the IHS Markit survey of US services are included in the global services PMI composition from October 2009 onwards (including the October 2009 data point). Data prior to that date are based on the ISM US non-manufacturing survey.

2 Source: World Bank World Development Indicators (2017 data, constant US\$ measure).

3 For these nations, service sector responses are extracted from whole economy PMI surveys for inclusion in the Global Services PMI.

Methodology: Global Services PMI™ Indices

The Global Services PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Global Services PMI™ indices are weighted according to national contributions to global services gross value added. Weights for the global indices are derived from the latest available World Bank data on the gross value added of services for each of the nations covered. World Bank data on value added are in constant US\$, with all national currencies converted to US\$ by the World Bank using DEC alternative conversion factors.

J.P.Morgan

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