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J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

Strong global economic growth continues at end of second quarter

Key findings

J. P. Morgan Global PMI Composite Output Index at 56.6 in June (3-month low)

Europe and US remain bright growth spots

Input cost and output price inflation remain elevated

The solid upswing in global economic activity continued at the end of the second quarter. Output expanded at a rate close to May's 15-year high, as intakes of new work remained strong. The US and Europe remained the brighter growth spots, while Asian economies struggled in comparison.

The J.P.Morgan Global Composite Output Index – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 56.6 in June, down from May's 181-month high of 58.5. The reading was still among the best registered over the past 15 years. The headline index has remained above the neutral 50.0 mark for 12 consecutive months. Companies benefited from rising intakes of new work, including increased new export business.

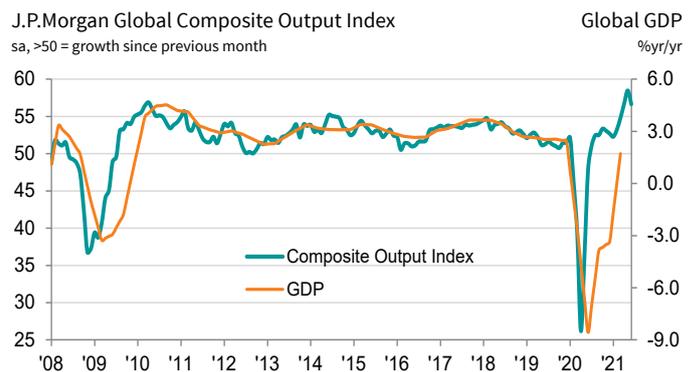
Notes: due to later-than-usual release dates, manufacturing PMI data for Canada and services data for Kazakhstan were not available for inclusion in the latest global PMI readings.

The service sector outperformed its manufacturing counterpart for the third successive month. The rate of expansion in services business activity was the second-sharpest since mid-2007, bettered only by May's 15-year high. Growth of manufacturing production also remained solid, despite slipping to a four-month low.

All six of the sub-sectors covered by the survey saw output rise during June, although only one – consumer services – registered a steeper rate of expansion. Growth was quickest overall in the business services sector and weakest at consumer goods producers. The extent of the slowdown was especially noticeable in the financial services category.

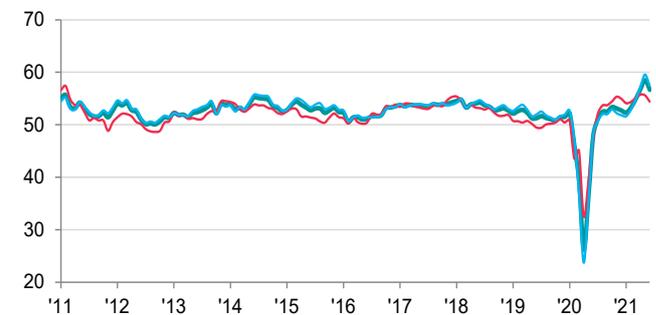
The US was the top-ranked nation in terms of all-industry output growth at the end of the second quarter, followed closely by Ireland, Spain and the UK. The euro area was a

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Sources: J.P.Morgan, IHS Markit.

Global Output Index
Composite / Manufacturing / Services (Business Activity)
sa, >50 = growth since previous month



Sources: J.P.Morgan, IHS Markit.

Composite Index summary
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	May-21	Jun-21	Interpretation
Output	58.5	56.6	Growth, slower rate
New Business	58.7	56.6	Growth, slower rate
New Export Business	54.0	53.0	Growth, slower rate
Future Output*	67.3	68.6	Growth expected, better optimism
Employment	53.3	53.0	Growth, slower rate
Outstanding Business	52.9	52.9	Growth, same rate
Input Prices	67.0	65.9	Inflation, slower rate
Output Prices	59.1	58.2	Inflation, slower rate

bright spot, with its rate of expansion hitting a 15-year high (quickest since June 2006). The larger economies in Asia fared less well in comparison. Growth slowed to its weakest during the current 14-month sequence of expansion in China, while economic activity contracted in both Japan and India. Brazil, Russia and Australia all registered upturns.

The continued upswing in global economic activity contributed to increased employment. Job creation was registered for the tenth successive month, with the rate of growth remaining among the best signalled over the past 13-and-a-half years. Staffing levels rose in almost all of the nations covered, the exceptions being China and India. Job creation was strongest in Ireland, followed by the UK.

Part of the increase in employment reflected efforts to combat the build-up of backlogs of work at factories and service providers. Outstanding business rose for the fourth successive month and to one of the greatest extents in the survey history. Capacity issues across global supply chains meanwhile resulted in increased costs, with input price inflation staying close to May's near 13-year high. Output charges also rose at a near-series record pace.

Business optimism improved again in June, with the degree of positivity the second-best on record. Developed nations were (on average) more confident than their emerging market counterparts.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index posted 57.5 in June, down slightly from May's 181-month high. New business growth was similarly robust, underpinning a further solid increase in employment. New export business rose at a modest pace, that was the sharpest since data on services exports were first calculated in September 2014. Rates of input price and output charge inflation were among the steepest in the survey history.

Services activity rose in almost all of the nations covered, the exceptions being contractions in Japan and India. Growth was strongest in the US, Ireland, Spain and the UK.

Services Index summary

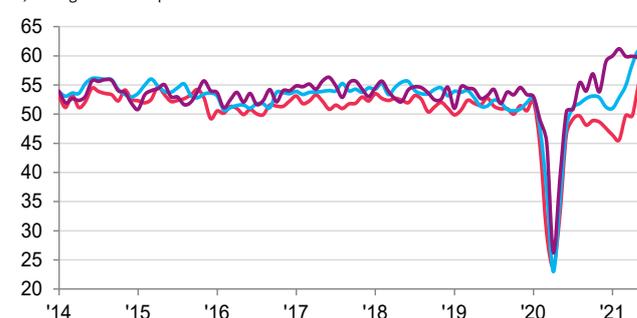
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	May-21	Jun-21	Interpretation
Business Activity	59.6	57.5	Growth, slower rate
New Business	59.2	56.9	Growth, slower rate
New Export Business	51.2	52.0	Growth, faster rate
Future Activity*	68.1	69.5	Growth expected, better optimism
Employment	53.6	53.1	Growth, slower rate
Outstanding Business	51.8	52.2	Growth, faster rate
Input Prices	65.3	64.1	Inflation, slower rate
Prices Charged	57.8	57.2	Inflation, slower rate

Business Activity Index

Consumer services / Business services / Financial services

sa, >50 = growth since previous month



Sources: J.P.Morgan, IHS Markit.

Methodology

The J.P.Morgan Global Composite PMI™ is produced by IHS Markit in association with ISM and IFPSM.

Global composite PMI indices are compiled by IHS Markit from responses to monthly questionnaires sent to companies in manufacturing and services survey panels in over 40 countries (see table, right for full coverage), totalling around 27,000 companies. These countries account for 89% of global gross domestic product (GDP)*.

For manufacturing surveys, responses are collected for the following variables: output, new orders, new export orders, future output, backlogs of work, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods, input prices and output prices. For services surveys, responses are collected for the following variables: business activity, new business, new export business, future activity, outstanding business, employment, input prices and prices charged.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each manufacturing and services survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Global indices for manufacturing and services are calculated by weighting together the country indices using national manufacturing and services annual value added*. Global Composite indices are then calculated by weighting together comparable global manufacturing and services indices using global manufacturing and services annual value added*.

The headline figure is the Global Composite Output Index. This is a weighted average of the Global Manufacturing Output Index and the Global Services Business Activity Index.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

The J.P.Morgan Global Composite PMI provides the first indication each month of worldwide economic business conditions. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case. The wide coverage of the indices, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations worldwide.

* Source: World Bank World Development Indicators.

Data sources

Country / territory ¹	Producer	In association with
Australia	IHS Markit	-
Austria*	IHS Markit	Unicredit Bank Austria / OPWZ
Brazil	IHS Markit	-
Canada*	IHS Markit	-
China (mainland)	IHS Markit	Caixin
Colombia*	IHS Markit	Davivienda
Czech Republic*	IHS Markit	-
Denmark*	DILF	Kairoscommodities
Egypt**	IHS Markit	-
France	IHS Markit	-
Germany	IHS Markit	BME
Greece*	IHS Markit	HPI
Hong Kong SAR ^{1**}	IHS Markit	-
Hungary*	HALPIM	-
India	IHS Markit	-
Indonesia*	IHS Markit	-
Ireland	IHS Markit	AIB
Israel*	IPLMA	Bank Hapoalim Ltd
Italy	IHS Markit	-
Japan	IHS Markit	au Jibun Bank
Kazakhstan	IHS Markit	Tengri Partners
Kenya**	IHS Markit	Stanbic Bank
Lebanon**	IHS Markit	BLOMINVEST Bank
Malaysia*	IHS Markit	-
Mexico*	IHS Markit	-
Myanmar*	IHS Markit	-
Netherlands (The)*	IHS Markit	NEVI
New Zealand*	Business NZ	Bank of New Zealand
Nigeria**	IHS Markit	Stanbic IBTC Bank
Philippines (The)*	IHS Markit	-
Poland*	IHS Markit	-
Russia	IHS Markit	-
Saudi Arabia**	IHS Markit	-
Singapore**	IHS Markit	-
South Africa**	IHS Markit	-
South Korea*	IHS Markit	-
Spain	IHS Markit	AERCE
Switzerland*	procure.ch	Credit Suisse
Taiwan*	IHS Markit	-
Thailand*	IHS Markit	-
Turkey*	IHS Markit	Istanbul Chamber of Industry
UAE**	IHS Markit	-
United Kingdom	IHS Markit	CIPS
United States ²	IHS Markit / ISM	-
Vietnam*	IHS Markit	-

¹Survey coverage of manufacturing sector only

²Manufacturing and services indices calculated from manufacturing and services responses extracted from survey panels covering the entire private sector economy.

³Hong Kong is a Special Administrative Region of China.

⁴US manufacturing data compiled by ISM pre-February 2010 and by IHS Markit post-January 2010. US services data compiled by ISM pre-October 2009 (non-manufacturing data) and by IHS Markit post-September 2009. ISM US non-manufacturing data also include responses from agriculture, mining, construction, utilities, wholesale, retail and public administration sectors. Where appropriate, month-on-month changes in ISM data have been applied to IHS Markit data to form a proxy back history.

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About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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About ISM

Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Mastery Model®. www.instituteforsupplymanagement.org

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