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J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

Global economic recovery continues at end of 2020

Key findings

J. P. Morgan Global PMI Composite Output Index at 52.7 in December (53.1 in November)

New work rises despite reduced export order intake

Cost inflation hits near-decade high

The rate of global economic expansion remained solid at the end of 2020. At 52.7 in December, down slightly from 53.1 in November, the J.P.Morgan Global Composite Output Index – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – remained close to October's two-year high. Output rose across the manufacturing and service sectors, with the former outperforming the latter for the sixth straight month.

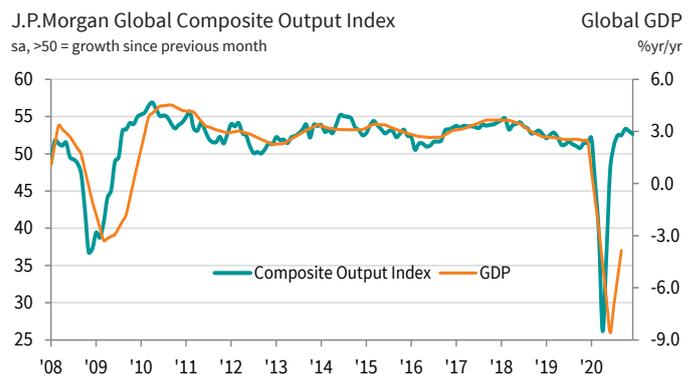
Notes: due to later-than-usual release dates, manufacturing PMI data for Kazakhstan and Myanmar and services PMI numbers for Kazakhstan were not available for inclusion in the December global PMI readings.

Five out of the six sub-industries covered by the survey registered increased output during December. Growth was led by the financial services and intermediate goods sectors, which were also the only categories to record faster expansions (to 106- and 118-month highs respectively). Output also rose in the consumer goods, investment goods and business services sectors. In contrast, consumer services activity fell for the eleventh consecutive month and at the fastest pace since June.

Economic output expanded in the US, China, Germany, India, the UK, Brazil, Australia and Ireland, with the strongest growth registered by Australia, China and the US. Contractions were seen in the euro area (on average), Japan and Russia.

December saw intakes of new business rise for the sixth month in a row. Gains were registered at manufacturers and service providers, albeit at slightly reduced rates in both cases. New export orders fell for the first time in four months, as a steep drop in the service sector more than offset a modest increase in manufacturing.

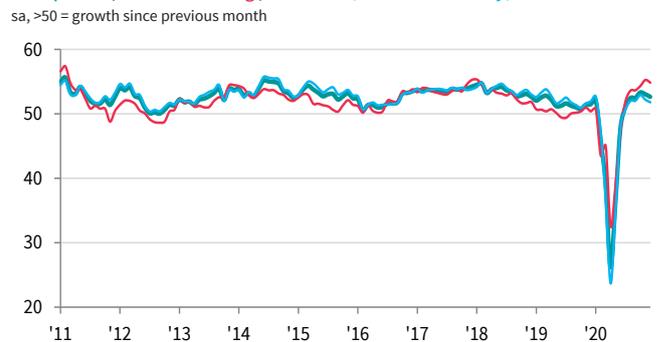
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Sources: J.P.Morgan, IHS Markit.

Global Output Index

Composite / Manufacturing / Services (Business Activity)



Sources: J.P.Morgan, IHS Markit.

Composite Index summary

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

Index	Nov-20	Dec-20	Interpretation
Output	53.1	52.7	Growth, slower rate
New Business	52.6	52.2	Growth, slower rate
New Export Business	50.5	49.8	Decline, from rising
Future Output*	67.2	64.4	Growth expected, weaker optimism
Employment	51.7	50.7	Growth, slower rate
Outstanding Business	49.7	50.1	Growth, from contracting
Input Prices	57.5	59.0	Inflation, faster rate
Output Prices	53.4	53.0	Inflation, slower rate

Global employment rose for the fourth consecutive month in December. The rate of increase was moderate and slightly weaker than in the prior survey month. Job creation was seen in the US, China, Brazil, Australia and Ireland. Backlogs of work were little-changed compared to November.

The outlook for output in one year's time remained (on balance) positive at the end of 2020. Despite easing from November's 78-month high, the overall degree of optimism remained above its long-run average.

Cost inflationary pressures continued to build in December, with input prices rising at the fastest pace since May 2011. This was a key factor underlying a further solid increase in output charges, albeit a slightly lesser rise than in the prior survey month. For both price measures, rates of inflation were sharper at manufacturers compared to service providers.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index fell to five-month low of 51.8 in December, down from 52.2 in November. The index has now signalled expansion for six successive months. Incoming new business also increased, despite a further solid decrease in new export orders.

Employment rose for the fifth month running and business optimism was signalled for a seventh straight month. Cost inflation accelerated to the highest since September 2008, leading to a further solid increase in output charges.

National PMI data indicated growth of service sector business activity in the US, China, India, Australia, Brazil and Ireland. In contrast, contractions were seen in Japan, Germany, the UK, France, Italy, Spain and Russia.

Services Index summary

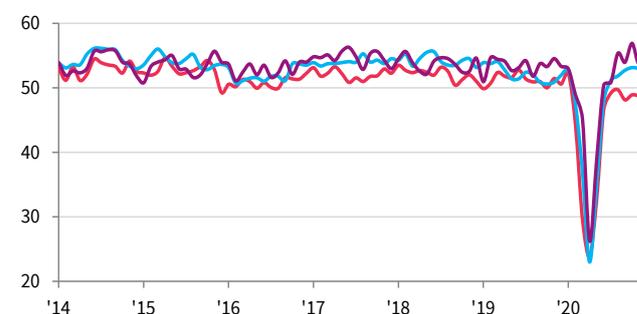
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Nov-20	Dec-20	Interpretation
Business Activity	52.2	51.8	Growth, slower rate
New Business	51.6	51.4	Growth, slower rate
New Export Business	46.4	45.7	Decline, faster rate
Future Activity*	68.0	64.3	Growth expected, weaker optimism
Employment	52.4	50.9	Growth, slower rate
Outstanding Business	48.7	49.5	Decline, slower rate
Input Prices	57.5	58.3	Inflation, faster rate
Prices Charged	53.5	52.5	Inflation, slower rate

Business Activity Index

Consumer services / Business services / Financial services

sa, >50 = growth since previous month



Sources: J.P.Morgan, IHS Markit.

Comment

Olya Borichevska, Global Economist at J.P.Morgan, said:

“The global economic recovery remained resilient based on the all-industry December PMI. The PMI ticked down a touch for a second month in a row though the level remained solid at 52.7. European economies where the PMI fell hard in October and November rebounded in December against declines in the US and China. The internals of the PMI report showed modest declines across the board.”

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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JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands www.jpmorganchase.com.

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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