

News Release

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

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

Global economic growth steadies as downturn in manufacturing offsets service sector expansion

The pace of global economic expansion stayed lacklustre in June, as growth steadied at May's three-year low. A slight uplift in the pace of increase in service sector activity was offset by the first contraction in manufacturing output since October 2012. Business optimism suffered as a result, sinking to a fresh series-record low.

The J.P.Morgan Global Composite Output Index^{1,2} – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 51.2 in June, unchanged from May and above the neutral mark of 50.0 for the eighty-first consecutive month.

Please note that later-than-usual release dates for the Canada manufacturing and Colombia manufacturing surveys meant these were not available to include in the June 2019 global readings.

The service sector saw widespread output growth during June, with the business, consumer and financial services categories all registering expansions. The performances of the manufacturing sub-sectors were more mixed in comparison. Intermediate and investment goods output decreased, while consumer goods production rose at the slowest pace in over three years.

The contrast in the performances of the manufacturing and service sectors was further emphasised by the national PMI data. The headline Manufacturing PMI signalled contraction in 18 out of 30 countries, whereas the Services Business Activity Index highlighted downturns in only three of the nations covered (13).

The US, the euro area and Australia all saw above global average increases in all-industry output, whereas growth was below this benchmark in China, Japan and India. The UK, Brazil and Russia all saw contractions.

The rate of increase in global all-industry new orders also remained lacklustre in June. The ongoing downturn in international trade flows continued to weigh on the trend for total new business, with new export orders for goods and services declining for the seventh straight month.

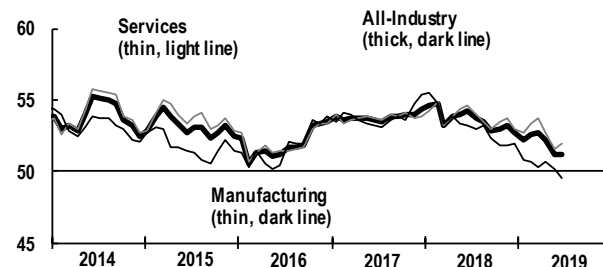
The rate of job creation eased to its lowest in over two-and-a-half years in June. Manufacturing employment fell slightly for the second month running, while the rate of

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

“The rate of global economic expansion steadied at a low and below-trend pace at the end of the second quarter. Although service sector growth remains subdued overall, it is manufacturing that is showing the greater degree of weakness. Market conditions and international trade flows will need to stage a revival if the current lacklustre picture is to brighten up in the second half of the year.”

JPMorgan global PMI output

Diffusion Index, sa



Global Composite PMI™

50 = no change on prior month.

Index	May	Jun.	+/-	Summary
Output	51.2	51.2	=	Expanding, same rate
New Orders	51.3	51.6	+	Expanding, faster rate
New Export Orders	49.3	49.1	-	Falling, faster rate
Employment	51.6	51.3	-	Rising, slower rate
Input Prices	53.9	53.7	-	Rising, slower rate
Output Charges	51.1	51.6	+	Rising, faster rate
Backlogs	49.3	50.0	+	Unchanged, from falling
Future Output	59.8	59.4	-	Positive, lesser extent

increase at service providers eased to the weakest since January. Staffing levels rose in the US, the euro area, Japan, the UK, India and Australia.

Input cost inflation meanwhile eased to a 33-month low. Companies maintained sufficient pricing power to raise output charges. Selling price inflation accelerated, but remained close to May's recent low.

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Notes to Editors:

The Global Composite PMI Report is compiled by IHS Markit based on the results of manufacturing and service sector surveys covering over 20,000 purchasing executives in over 40 countries. Together these countries account for an estimated 89% of global gross domestic product (GDP)⁴. 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.

Data Sources:

Country	% Share of global GDP ⁴	Producer	In association with	Website
United States ^{1,2} :	21.6%			
IHS Markit		IHS Markit	–	www.ihsmarkit.com/products/pmi.html
ISM		ISM	–	www.ism.ws
China	12.7%	IHS Markit	Caixin	www.caixin.com
Japan	7.7%	IHS Markit	Jibun Bank	www.jibunbank.co.jp
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Brazil	2.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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Israel	0.4%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , www.bankhapoalim.co.il
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- 1) Data from the IHS Markit survey of US manufacturing are included in the global manufacturing PMI composition from February 2010 onwards. Data prior to that date are based on the ISM US manufacturing survey.
- 2) 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.
- 3) For these nations, manufacturing and service sector responses are extracted from whole economy PMI surveys for inclusion in the Global PMI
- 4) Source: World Bank World Development Indicators (2017 data, constant US\$ measure).

Methodology: Global Composite PMI™ Indices

The Global Composite PMI™ indices are seasonally adjusted with the exception of the Future Output Index. The seasonal adjustment, where applied, is undertaken at the national sector level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Where comparable indices (such as output) are available for both the global manufacturing PMI and global services PMI surveys, the index for each sector is weighted together to produce a combined manufacturing & services (“composite”) reading. The weight applied is calculated according to the relative contributions of the service and manufacturing sectors to overall global GDP. Weights for the global indices are derived from the latest available World Bank data on the gross value added of manufacturing 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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