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J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

Global economic downturn eases from record rate, but conditions remain challenging due to COVID-19 pandemic

Key findings

J. P. Morgan Global PMI Composite Output Index rises to 36.3 in May (26.2 in April, record low)

Rate of contraction eases, but remains rapid

Downturn in international trade volumes continues

The rate of contraction in global economic activity remained substantial in May. At 36.3, 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 its second-weakest reading in the survey history, albeit up from April's record low of 26.2. Rates of decline were substantial at both manufacturers and service providers. The main factor underlying the severe downturn remained the coronavirus disease 2019 (COVID-19) pandemic.

Notes: due to later-than-usual release dates, Manufacturing PMI data for Ireland, Indonesia and the Netherlands and Services PMI data for Ireland were not included in the May Global PMI calculation.

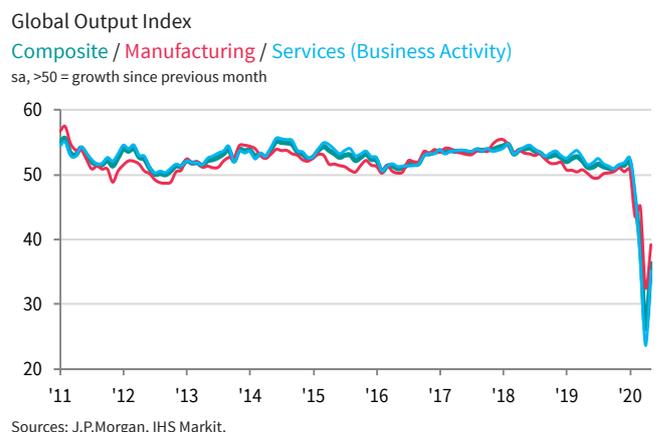
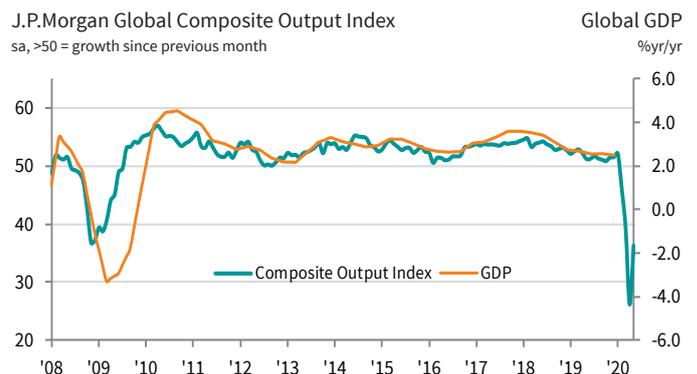
Although the headline index remains well below its stabilisation mark of 50.0, it nonetheless made giant strides towards it. The advances in the Composite Output Index (up 10.1 points), Manufacturing Output Index (rising by 6.7) and Services Business Activity Index (up 11.5) were all the largest month-on-month increases in the respective series histories.

A similar picture was painted for each of the six sub-sectors covered by the survey, which all saw rates of output contraction ease from series records in the prior month. The steepest downturn was registered by the consumer services sector, whereas the least marked decline was at consumer goods producers.

China was the only nation that saw all-industry output expand, with its rate of growth the fastest in over nine years. Rates of contraction eased in all of the other countries covered by the survey. Among the major economic regions, the steepest decline was in India and the slowest in the US.

The level of incoming new business decreased for the fourth consecutive month in May. The rate of contraction was the

continued on page 2...



Composite Index summary

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

Index	Apr-20	May-20	Interpretation
Output	26.2	36.3	Decline, slower rate
New Business	26.6	35.8	Decline, slower rate
New Export Business	25.8	31.7	Decline, slower rate
Future Output*	43.1	50.5	Growth expected
Employment	39.2	41.3	Decline, slower rate
Outstanding Business	36.2	39.8	Decline, slower rate
Input Prices	44.1	46.2	Decline, slower rate
Output Prices	43.2	45.7	Decline, slower rate

second-steepest in the series history, albeit weaker than April's record drop. International trade also continued its decline, falling for the twenty-first successive month.

Business sentiment remained subdued in May. However, companies reverted to forecasting higher output over the coming 12 months, an improved outlook compared to the predictions of a downturn provided in the previous two survey months. Employment fell for the fourth successive month, with the rate of job loss easing only mildly from April's series record high. Staffing levels were lowered in all of the nations covered.

May saw further reductions in input costs and output charges. However, rates of decline eased in both cases. Average input prices rose in Brazil, Russia and Kazakhstan, while Kazakhstan was the only country to see output charges increase.

Global Services Summary.

The J.P.Morgan Global Services Business Activity Index posted 35.2 in May, up from April's record low of 23.7, to register its second-lowest reading to date and signal contraction for the fourth month in a row.

Conditions in the sector remained difficult, with the economic impact of the COVID-19 outbreak leading to further declines in new business, new export orders, backlogs of work and employment. That said, rates of contraction in each of these variables eased sharply from April's records. Businesses maintained a pessimistic outlook for the third straight month, although the degree of negativity also moderated.

Downturns in business activity remained marked in the three sub-sectors covered by the survey, although rates of contraction eased over the month. The steepest decline was at consumer service providers and the slowest in financial services.

Services Index summary

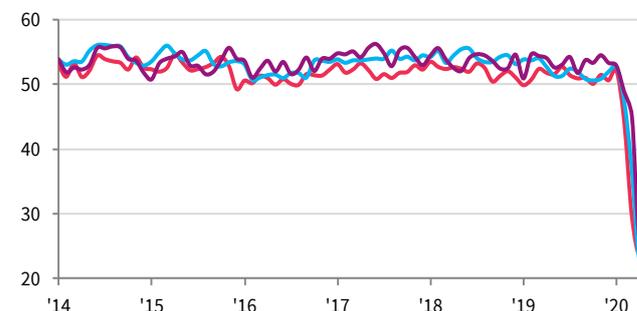
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Apr-20	May-20	Interpretation
Business Activity	23.7	35.2	Decline, slower rate
New Business	24.6	35.6	Decline, slower rate
New Export Business	21.8	29.8	Decline, slower rate
Future Activity*	41.6	49.9	Decline expected, lower pessimism
Employment	38.3	40.5	Decline, slower rate
Outstanding Business	34.1	39.5	Decline, slower rate
Input Prices	42.7	45.4	Decline, slower rate
Prices Charged	41.7	44.8	Decline, 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	Commonwealth Bank
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	-

*Survey coverage of manufacturing sector only

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

¹Hong Kong is a Special Administrative Region of China.

²US 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 IFPSM

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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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