

News Release

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

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

Stronger services growth takes Global PMI to four-month high

The end of the second quarter saw a mild improvement in the rate of global economic expansion. Output growth accelerated to a four-month high and was among the best over the past three-and-a-half years. The solid trend in job creation was also sustained, with the rates of increase achieved since August 2017 better than those registered throughout much of the prior decade.

The J.P.Morgan Global All-Industry Output Index^{1,2} – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – rose to 54.2 in June, up from 54.0 in May. The headline index has signalled expansion for 69 consecutive months.

Please note that, due to later-than-usual release dates, manufacturing PMI data for Canada and Colombia were not available for inclusion in the June 2018 global PMI numbers.

The latest survey further highlighted a divergence in the performances of the manufacturing and service sectors. Manufacturing output growth slowed for the second successive month to its lowest since last July, partly due to the pace of increase in new export business easing to near-stagnation. In contrast, the rate of expansion in service sector activity accelerated to one of the best seen in over three years.

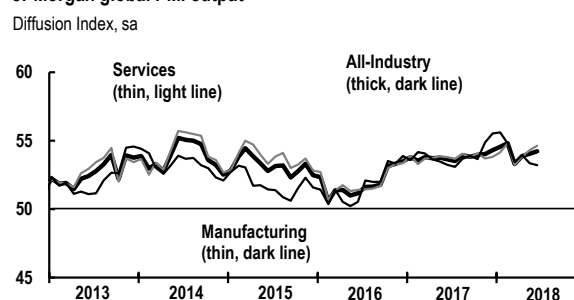
Developed nations (on average) outperformed their emerging market counterparts in terms of all-industry output growth in June. Rates of expansion were solid in both the US and the euro area, remaining close to May's high in the former and accelerating in the latter. The upturns in the UK and Japan also strengthened.

Among the largest emerging nations, the performances of China and India were the most positive. In both cases growth recovered, reaching a four-month high in the former and the fastest in 20 months in the latter. The rate of output expansion was the weakest in over two years in Russia, whereas the downturn in Brazil accelerated.

June saw the rate of increase in new business improve slightly, and remain sufficiently strong to test capacity. Backlogs of work expanded in both the manufacturing and service sectors. Companies responded by raising employment, with job creation registered in the US, the euro area, Japan, the UK, India and Australia. Losses were seen in China, Brazil and Russia.

Business optimism fell to a six-month low in June.

JPMorgan global PMI output



Global Manufacturing & Services PMI™

50 = no change on prior month.

Index	May	Jun.	+/-	Summary
Output	54.0	54.2	+	Expanding, faster rate
New Orders	54.2	54.3	+	Expanding, faster rate
Employment	52.6	52.8	+	Rising, faster rate
Input Prices	57.6	58.6	+	Rising, faster rate
Output Charges	53.0	53.5	+	Rising, faster rate
Backlogs	51.3	51.6	+	Rising, faster rate
Future Output	65.1	63.7	-	Positive, lesser extent

Confidence remained positive in developed and emerging nations, but eased (on average) in both. Germany, the UK, Brazil, Russia and Australia were the only nations to report improved sentiment.

Price pressures gathered pace in June, with rates of inflation in output charges and input costs both accelerating. Increases in both measures were steeper in developed nations compared to emerging markets.

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Notes to Editors:

The Global Report on Manufacturing & Services is compiled by IHS Markit based on the results of surveys covering over 18,000 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} :				
Markit	22.2%	IHS Markit	–	www.ihsmarkit.com
ISM	22.2%	ISM	–	www.ism.ws
China	11.9%	IHS Markit	Caixin	www.caixin.com
Japan	7.6%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	4.9%	IHS Markit	BME	www.bme.de
France	3.7%	IHS Markit	–	www.ihsmarkit.com
United Kingdom	3.6%	IHS Markit	CIPS	www.cips.org
Brazil	3.1%	IHS Markit	–	www.ihsmarkit.com
India	3.1%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
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Canada	2.4%	IHS Markit	SCMA	www.scma.com
Russia	2.2%	IHS Markit	–	www.ihsmarkit.com
Spain	1.9%	IHS Markit	AERCE	www.aerce.org
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South Korea	1.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Mexico	1.6%	IHS Markit	–	www.ihsmarkit.com
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Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Taiwan	0.8%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Poland	0.7%	IHS Markit	–	www.ihsmarkit.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.6%	IHS Markit	Standard Bank	www.standardbank.com
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Ireland	0.4%	IHS Markit	Investec	www.investec.co.uk
Singapore ³	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Israel	0.4%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , http://www.bankhapoalim.co.il
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Egypt ³	0.3%	IHS Markit	Emirates NBD	www.emiratesnbd.com
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Czech Republic	0.3%	IHS Markit	–	www.ihsmarkit.com
New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
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Lebanon ³	0.1%	IHS Markit	BLOMINVEST Bank	www.blominvestbank.com

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 (2015 data, constant US\$ measure).

Methodology: Global Manufacturing & Services PMI™ Indices

The Global Manufacturing & Services PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied 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 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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