

Embargoed until 1100 EST (1600 UTC) 4 December 2019

J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

Global economic growth picks up in November

Key findings

J. P. Morgan Global PMI Composite Output Index at 4-month high of 51.5

Five out of six sub-sectors see output rise, led by solid expansion in financial services

International trade remains constraint to growth

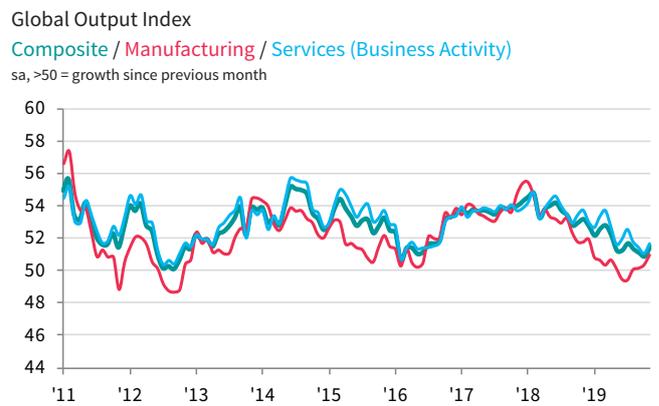
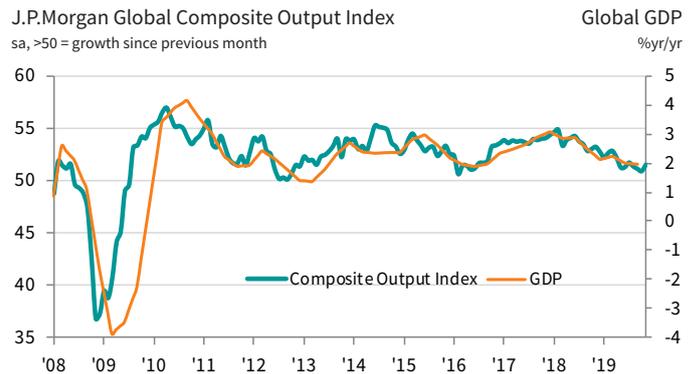
The pace of global economic expansion improved to a four-month high in November, as rates of growth picked up in both the manufacturing and service sectors. The J.P.Morgan Global Composite Output Index – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 51.5, up from a 44-month low of 50.8 in October.

Five of the six sub-sectors covered by the survey saw output increase in November. Rates of expansion ranged from a marked rise at financial service providers to mild growth in both the intermediate goods and business services sectors. Capital goods was the only category to register contraction.

Output growth was led by China, which saw its rate of expansion hit a 21-month record. Economic upturns were also seen in the US, euro area, India, Brazil and Russia. Within the eurozone, increased activity in France, Spain and Ireland offset downturns in Germany and Italy. Economic activity contracted in Japan, the UK and Australia.

The upturn in output encouraged firms to raise employment in November. The rate of job creation was marginal but sufficient to reverse the cuts observed in the prior survey month. Staffing levels increased in the US, the euro area, China, Japan, India, Brazil, Russia and Australia. The UK saw job losses for the third successive month.

New business growth hit a four-month high, despite remaining among the weakest registered over the past three-and-a-half years. International trade remained a constraint on growth, as new export business decreased for the twelfth month running with declines at manufacturers and service providers alike.



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

Index	Oct-19	Nov-19	Interpretation
Output	50.8	51.5	Growth, faster rate
New Business	50.8	51.2	Growth, faster rate
New Export Business	49.0	49.0	Decline, unchanged rate
Future Output*	57.8	57.8	Growth expected, same sentiment
Employment	49.8	50.9	Growth, from decreasing
Outstanding Business	49.3	49.6	Decline, slower rate
Input Prices	53.1	53.1	Inflation, unchanged rate
Output Prices	51.0	50.8	Inflation, slower rate

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Business optimism was unchanged from October's three-month high, but remained at one of its most subdued levels in the series history. Sentiment improved slightly at service providers, whereas confidence in manufacturing dipped from a four-month high. Emerging markets were (on average) more optimistic about the year ahead than their developed nation counterparts.

Input price inflation remained relatively mild in November. Costs rose at an unchanged rate compared to October, to remain at one of its weakest levels over the past three years. Output charges meanwhile rose only marginally.

Global Services Summary.

The J.P.Morgan Global Services Business Activity Index rose to a three-month high of 51.6 in November, up from 51.0 in October. The latest increase in output was underpinned by improved intakes of new business, efforts to reduce backlogs of work and higher employment. Business confidence picked up to a four-month high, but remained subdued overall.

The sharpest rates of expansion in business activity were registered in Russia and China. Increases were also seen in the US, the euro area, Japan, India and Brazil. In contrast, the UK and Australia both registered contractions.

Input price inflation in the global service sector remained close to October's three-month high. Companies offset cost increases through a further rise in selling prices, although the rate of output charge inflation remained weak overall.

Services Index summary

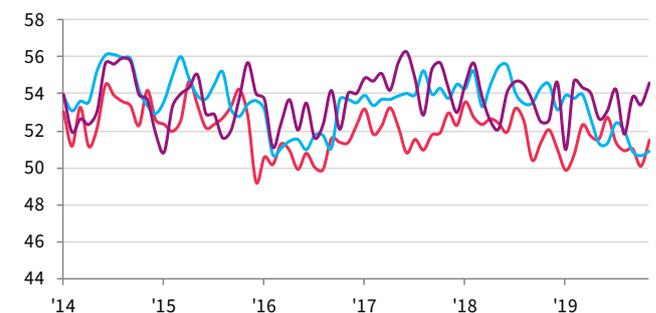
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Oct-19	Nov-19	Interpretation
Business Activity	51.0	51.6	Growth, faster rate
New Business	51.1	51.5	Growth, faster rate
New Export Business	49.3	49.3	Decline, unchanged rate
Future Activity*	57.9	58.1	Growth expected, firmer sentiment
Employment	50.1	51.2	Growth, faster rate
Outstanding Business	49.5	49.7	Decline, slower rate
Input Prices	54.2	54.1	Inflation, slower rate
Prices Charged	51.5	51.1	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, from Global Economic Research at J.P.Morgan, said:

“The rate of global economic expansion improved in November, according to the latest PMI surveys. The more encouraging aspect of the November report is the continued increase in the manufacturing PMI. While the services activity PMI also increased last month, the trend in the series remains down. We take comfort in the large jump in the employment PMI following more than six months of sharp declines. While the early signs are that the economy is positioned to strengthen, the drags provided by international trade and low confidence suggest progress will remain slow overall.”

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, 2017.

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	Jibun Bank
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.

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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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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