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# J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

## Global economic expansion slows to seven-month low as growth eases across manufacturing and services sectors

### Key findings

J. P. Morgan Global PMI Composite Output Index at 52.6 in August (7-month low)

Growth slows in US; Japan and China contract

Financial services only sector to see growth acceleration

The rate of global economic expansion slumped to a seven-month low in August, as growth eased across the manufacturing and service industries. The slowdown was centred on Asia, where Japan and China fell into contraction, while weaker expansions were seen in the US and Europe.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 52.6 in August, down from 55.8 in July.

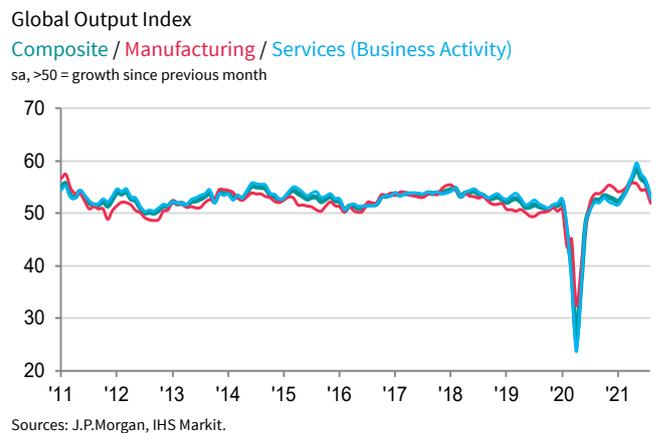
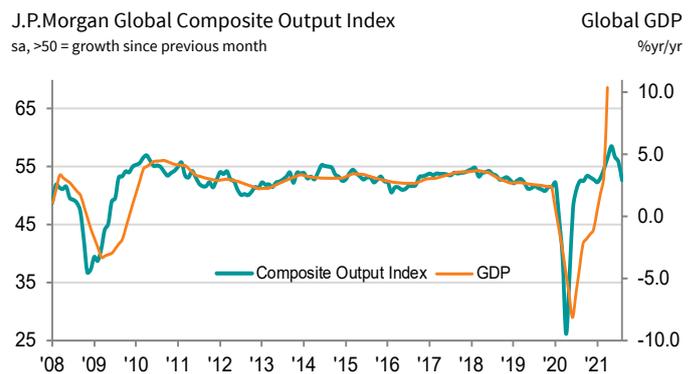
The headline index signalled expansion for the fourteenth successive month. There was some evidence from companies that supply-chain disruptions (especially at manufacturers), COVID-19 issues and signs of labour and skill shortages all impacted on growth during the latest survey month.

Manufacturing production rose at the weakest pace during its current sequence of increases, with rates of growth easing across the consumer, intermediate and investment goods sub-industries. Services activity meanwhile rose at the slowest pace since February. Weaker expansions were seen at business and consumer service providers, especially the latter. Financial services was the only category covered to register a growth acceleration.

National PMI data signalled ongoing upturns in the US, the euro area, the UK, Brazil and Kazakhstan, while India returned to growth following three months of contraction. However, Italy and Kazakhstan were the only nations covered to register accelerations. Economic activity fell in Japan, China, Russia and Australia.

The rate of increase in new order intakes slowed to a six-month low in August, in part reflecting an easing in the pace of new export business growth to near-stagnation.

*continued on page 2...*



### Composite Index summary

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

Index	Jul-21	Aug-21	Interpretation
Output	55.8	52.6	Growth, slower rate
New Business	55.5	53.2	Growth, slower rate
New Export Business	52.5	50.6	Growth, slower rate
Future Output*	65.2	65.8	Growth expected, better optimism
Employment	52.6	51.6	Growth, slower rate
Outstanding Business	53.3	52.9	Growth, slower rate
Input Prices	66.0	65.6	Inflation, slower rate
Output Prices	58.0	57.3	Inflation, slower rate

New orders rose only marginally in emerging markets – with a contraction in China – while new export orders fell. The upturns in both variables meanwhile slowed across developed nations.

Global employment rose for the twelfth consecutive month in August. However, the rate of increase was only moderate and the weakest for five months, with jobs growth easing across all six of the sub-sectors covering manufacturing and services activities (consumer, intermediate and investment goods producers and business, consumer and financial service providers). National PMI data indicated higher staffing levels in the US, the euro area, Japan, the UK and Brazil. China and India were among those seeing employment decline.

On the price front, average input costs and output charges both continued to increase at substantial rates in August. This largely reflected rising raw material prices caused by supply-chain disruptions, alongside increasing staff costs in some markets and sectors due to labor market constraints. That said, inflation of input costs and selling prices both eased to four-month lows in August.

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index fell sharply to a seven-month low of 52.9 in August, down from 56.3 in July. The decrease in the index level was the thirteenth-largest on record. Growth slowed in the US, the euro area, and the UK, while China and Japan registered contractions.

The rate of increase in total new business similarly eased to a six-month low, in part reflecting a fall in new export orders. Business confidence ticked higher, supporting a further (albeit slower) increase to staffing levels. Rates of increase in input costs and selling prices remained elevated, despite easing to four month lows.

**Services Index summary**

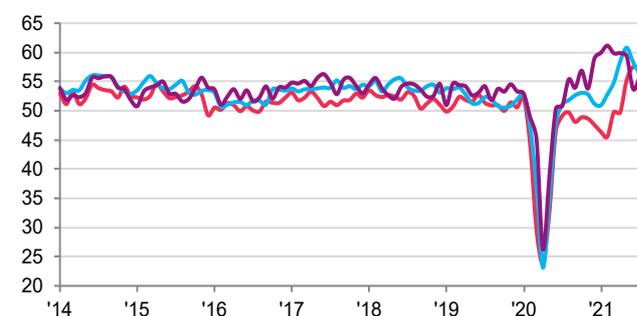
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Jul-21	Aug-21	Interpretation
Business Activity	56.3	52.9	Growth, slower rate
New Business	55.5	53.1	Growth, slower rate
New Export Business	51.6	49.5	Decline, from rising
Future Activity*	65.6	66.5	Growth expected, better optimism
Employment	52.6	51.5	Growth, slower rate
Outstanding Business	52.7	52.1	Growth, slower rate
Input Prices	64.1	63.8	Inflation, slower rate
Prices Charged	57.1	56.3	Inflation, 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](mailto: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 <sup>1</sup>	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 <sup>1**</sup>	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 <sup>2</sup>	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.

<sup>1</sup>Hong Kong is a Special Administrative Region of China.

<sup>2</sup>US 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 IFPSM

The International Federation of Purchasing and Supply Management (IFPSM) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. IFPSM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices. The term procurement is taken to embrace purchasing, materials management, logistics, supply chain management and strategic sourcing. IFPSM is a non-political, independent and non-profit oriented International Organization. [www.ifpsm.org](http://www.ifpsm.org)

## 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](http://www.instituteforsupplymanagement.org)

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