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# J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

## Global economic growth hits 15-year high as rapid expansions in US and Europe offset subdued Asia region

### Key findings

J. P. Morgan Global PMI Composite Output Index at 58.4 in May (181-month high)

New orders rise at quickest pace since April 2006

Capacity and price pressures remain severe

May saw a further solid acceleration in the pace of expansion of global economic activity, as output and new orders rose at the quickest rates since April 2006. Growth of activity was led by survey-record increases in the US and the UK. The euro area was also a bright spot, with its rate of expansion the highest in over three years.

The J.P.Morgan Global Composite Output Index – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – rose to 58.4 in May, a 181-month high, to remain above the 50.0 no-change mark for the eleventh successive month. The Asia region tended to underperform relative to its US and European counterparts. Growth in China eased, while Japan and India fell back into contraction.

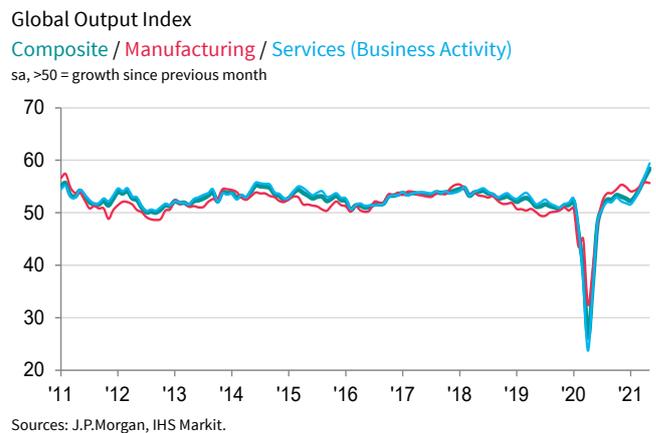
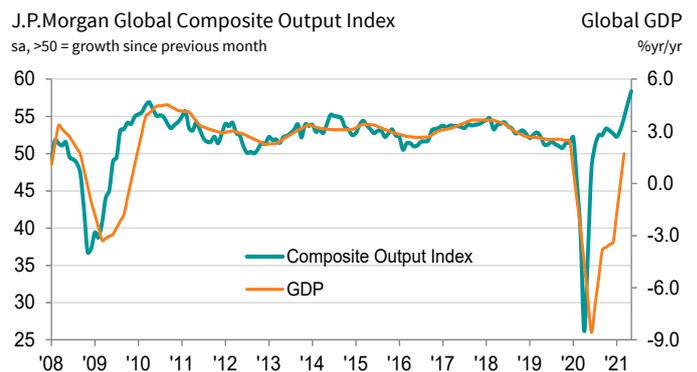
*Notes: due to later-than-usual release dates, manufacturing PMI data for Indonesia and services data for Brazil were not available for inclusion in the latest global PMI readings.*

The global service sector outperformed manufacturing for the second successive month in May. Service sector business activity rose at the quickest pace in over 15 years (since April 2006), while growth of manufacturing production eased slightly from April's decade-high.

All six of the sub-sectors covered by the survey registered output growth in May, the first across the board concurrent expansions since November 2018. The strongest rate of increase was in the business services sector, following by financial services. Consumer-facing industries continued to underperform, with the weakest growth at consumer goods producers and consumer service providers.

The level of incoming new business rose at the fastest pace in 15 years in May, with rates of expansion accelerating at manufacturers and service providers alike. Part of the

*continued on page 2...*



### Composite Index summary

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

Index	Apr-21	May-21	Interpretation
Output	56.7	58.4	Growth, faster rate
New Business	56.8	58.5	Growth, faster rate
New Export Business	53.9	54.0	Growth, faster rate
Future Output*	67.2	67.1	Growth expected, weaker optimism
Employment	53.4	53.3	Growth, slower rate
Outstanding Business	52.3	52.9	Growth, faster rate
Input Prices	65.0	67.0	Inflation, faster rate
Output Prices	56.9	59.1	Inflation, faster rate

latest increase reflected improved international trade flows. Overall new export business rose for the fourth consecutive month and to the greatest extent on record (the composite new export business series starts in September 2014).

The outlook for the global economy remained positive in May, with manufacturers and service providers both forecasting that output would expand over the coming 12 months. This encouraged further job creation, with employment rising at an almost identical rate to April's 160-month high.

Staffing levels rose sharply in the US, the euro area (31-month high) and the UK (83-month high) among others. Jobs growth in China and Japan was comparatively mild, while cutbacks were signalled in India.

Higher employment also reflected companies' efforts to combat rising capacity pressures. Backlogs of work expanded at the fastest rate in 17 years, with stronger increases at both manufacturers and service providers. Demand outstripping supply also led to increased price inflation. Input costs rose to the greatest extent since August 2008 and output charges at the quickest rate on record (since at least October 2009).

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index posted 59.4 in May, up from 57.0 in April, to remain above the neutral mark of 50.0 for the eleventh month in a row.

Business activity and new order intakes both expanded at the quickest rates during the past 15 years (since April 2006 and May 2006 respectively). There was also a further mild increase in new export business. Rising levels of demand underpinned further job creation and business optimism, but also led to increased backlogs of work.

Average output charges rose at the fastest pace in the survey history during May. Part of the increase reflected higher input costs, which rose to the greatest extent since August 2008.

**Services Index summary**

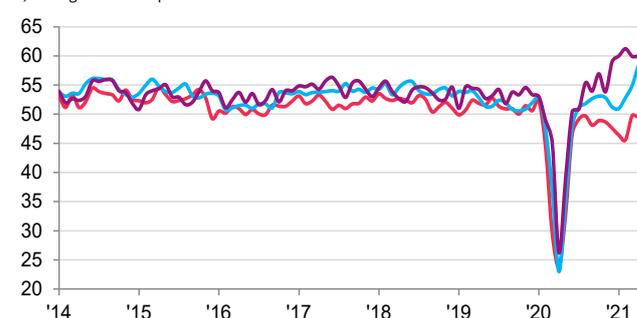
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Apr-21	May-21	Interpretation
Business Activity	57.0	59.4	Growth, faster rate
New Business	56.7	59.0	Growth, faster rate
New Export Business	51.1	51.0	Growth, slower rate
Future Activity*	67.5	67.9	Growth expected, better optimism
Employment	53.8	53.5	Growth, slower rate
Outstanding Business	51.3	51.8	Growth, faster rate
Input Prices	63.2	65.3	Inflation, faster rate
Prices Charged	55.8	57.8	Inflation, faster 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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### 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

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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