

News Release

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

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

World service sector growth strengthens in October

October saw the rate of expansion in global services business activity accelerate for the first time in four months. At 53.4, the J.P.Morgan Global Services Business Activity Index – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – was up from September’s two-year low of 52.9 and has now signalled growth for 111 straight months.

The upturn remained broad-based by sub-industry, as business activity rose across the business, consumer and financial services sectors. Rates of expansion improved in the first two, but slowed to a five-month low in the latter. Despite the acceleration, the consumer services category saw the slowest growth for the fifth month running.

Italy was the only nation covered by the survey to register a decline in business activity during October. The fastest rates of increase were seen in Ireland (albeit a seven-month low) and Russia (11-month high). Growth strengthened in the US (two-month high), Japan (six-month high), and India (three-month high). Brazil returned to expansion following back-to-back contractions in August and September.

Rates of output growth slowed in the euro area (21-month low), China (13-month low), the UK (seven-month low) and Australia (slowest in the two-and-a-half-year survey history). Among the nations that saw expansions in October, the weakest growth was registered in China and Brazil.

Global service sector new business increased at a solid pace in October. New order growth was unchanged from September’s three-month high, but still modest compared to the first half of the year. Backlogs of work continued to rise, encouraging firms to take on additional staff.

Job creation has been registered in each month since March 2010, with the latest rate of increase above the average for that sequence. Employment rose in all of the nations covered by the survey.

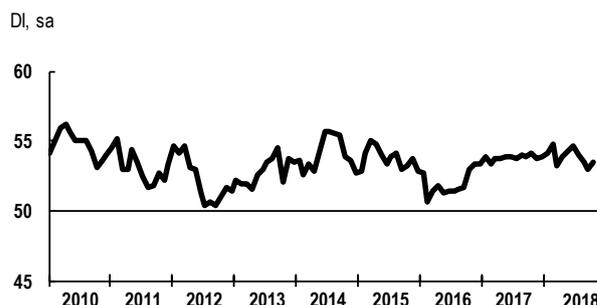
October saw a mild pick-up in the rate of input price inflation to its highest since June 2011. Cost increases accelerated (on average) in developed nations, but eased slightly in emerging markets.

Output charge inflation remained close to September’s series-record high in October. The average rate of increase in selling prices across developed nations continued to exceed that of emerging markets.

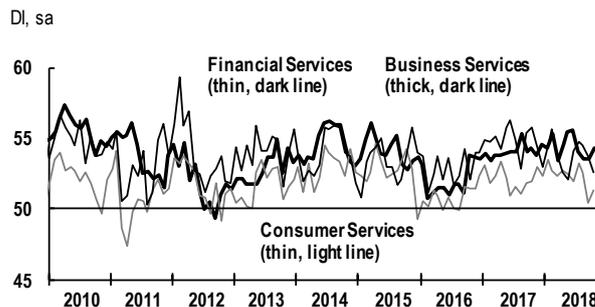
Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“The October PMI surveys signalled the first improvement in global service sector growth for four months. With the trend in new business also holding up well, backlogs of work rising and business optimism strengthening, the outlook for the sector remains positive for the coming months.”

Service sector business activity



JPMorgan Global PMI Sectors: Services Business Activity



Global Services PMI™ Summary

50 = no change on prior month.

Index	Sep.	Oct.	+/-	Summary
Output/Activity	52.9	53.4	+	Growth, faster rate
New Business	54.2	54.2	=	Growth, same rate
Backlogs of Work	50.9	50.8	-	Rising, slower rate
Input Prices	57.0	57.4	+	Rising, faster rate
Output Charges	53.7	53.5	-	Rising, slower rate
Employment	53.2	52.8	-	Rising, slower rate
Future Activity	63.0	65.0	+	Positive, greater extent

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Notes to Editors:

The Global Report on Services is based on the results of surveys covering over 6,500 executives carried out in the US by IHS Markit (after September 2009) and the ISM (before October 2009), and in China, Japan, Germany, France, the UK, Brazil, India, Italy, Russia, Spain, Saudi Arabia, the UAE, Nigeria, South Africa, Ireland, Singapore, Hong Kong, Egypt, Kenya and Lebanon by IHS Markit, and in New Zealand by Business NZ. These countries together account for an estimated 76% of global service sector gross value added (GVA)².

For the US, data are taken from a combination of the IHS Markit US Services PMI™ and the ISM non-manufacturing survey. Global services PMI data points after September 2009 include data from the IHS Markit US services PMI survey in the calculation. For global services PMI data prior to October 2009, the calculation is based on data taken from the ISM non-manufacturing survey. Where appropriate, month-on-month changes in the ISM data series have been applied to the IHS Markit series to form a proxy back history.

In addition to the service sector included in the other countries, the ISM non-manufacturing definition also includes agriculture, construction, mining, public administration, retail, utilities and wholesale sectors.

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.

The services report is accompanied by a Global Report on Manufacturing and a Global All-Industry PMI™ Report.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ :				
After Sep. 2009	22.2	IHS Markit	–	www.ihsmarkit.com
Before Oct. 2009	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	–	www.ihsmarkit.com
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/
Italy	2.7%	IHS Markit	–	www.ihsmarkit.com
Russia	2.2%	IHS Markit	–	www.ihsmarkit.com
Spain	1.9%	IHS Markit	AERCE	www.aerce.org
Australia	1.7%	IHS Markit	Commonwealth Bank	www.commbank.com.au
Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.6%	IHS Markit	–	www.ihsmarkit.com
Ireland	0.4%	IHS Markit	Investec	www.investec.co.uk
Singapore ³	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Hong Kong ³	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Egypt ³	0.3%	IHS Markit	Emirates NBD	www.emiratesnbd.com
New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Kenya ³	0.1%	IHS Markit	Stanbic Bank	www.cfcstanbicbank.co.ke
Lebanon ³	0.1%	IHS Markit	BLOMINVEST Bank	www.blominvestbank.com

1 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.

2 Source: World Bank World Development Indicators (2015 data, constant US\$ measure).

3 For these nations, service sector responses are extracted from whole economy PMI surveys for inclusion in the Global Services PMI.

Methodology: Global Services PMI™ Indices

The Global Services PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Global Services PMI™ indices are weighted according to national contributions to global services gross value added. Weights for the global indices are derived from the latest available World Bank data on the gross value added of services 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

JPMorgan Chase & Co.

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