

News Release

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

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

Global PMI slips to five-month low in August

The rate of global economic expansion slowed again in August. The J.P.Morgan Global Composite Output Index^{1,2} – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 53.4, down from 53.7 in July to its lowest reading since March.

Service sector business activity increased at the weakest pace in five months, as rates of expansion moderated across the business, consumer and financial services categories. In contrast, growth of manufacturing output improved slightly, as faster increases at consumer and investment goods producers more than offset slower expansion in the intermediate goods category.

Economic activity rose in almost all of the nations for which all-industry PMI data are compiled. The sole exception was a contraction in Brazil, where a solid decrease in services activity contrasted with stronger growth at manufacturers.

The US remained the main driver of global economic expansion during August, despite seeing its rate of increase dip to a five-month low. Output growth strengthened in the euro area, Japan, the UK and Russia, but slowed in China, India and Australia.

The level of new business increased again in August, extending the current sequence of growth to 110 months. However, the rate of expansion eased to its weakest since April 2017, as new order growth ticked lower in both the manufacturing and service sectors. The overall increase was sufficient to test capacity, as highlighted by backlogs of work rising for the twenty-fifth successive month.

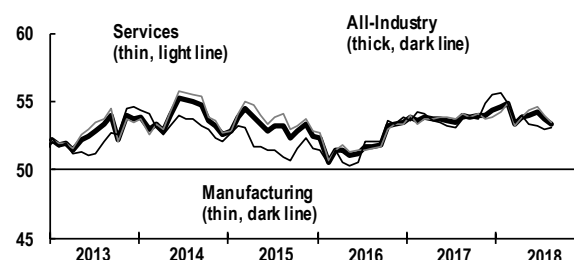
The ongoing expansion of global economic activity encouraged companies to increase employment in August. Although the pace of job creation eased to an 11-month low, it remained above its long-run average. Staffing levels were raised in the US, the euro area, Japan, the UK, India and Australia. Cuts were seen in China, Brazil and Russia.

August saw further increases in input prices and output charges. The rate of selling price inflation remained close to July's joint-survey record, as companies acted to pass on higher costs to clients to protect margins. Although the rate of increase in input prices was the slowest in three months, it remained above its long-run average.

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

“August PMI data signalled a further softening in the rates of expansion of global economic activity, new orders and employment. The August decline was focused in the service sector, with decelerations seen in all three of the services categories covered. Signs of renewed vigour at consumer and investment goods producers are positive steps, however, and the latest PMI readings still point to a pace of economic expansion that is substantially above-trend.”

JPMorgan global PMI output
Diffusion Index, sa



Global Composite PMI™

50 = no change on prior month.

Index	Jul.	Aug.	+/-	Summary
Output	53.7	53.4	-	Expanding, slower rate
New Orders	53.7	53.6	-	Expanding, slower rate
Employment	52.6	52.5	-	Rising, slower rate
Input Prices	58.1	57.7	-	Rising, slower rate
Output Charges	53.7	53.4	-	Rising, slower rate
Backlogs	50.3	50.6	+	Rising, faster rate
Future Output	63.1	63.4	+	Positive, greater extent

Business optimism improved for the first time in four months during August. This mainly reflected higher confidence in the service sector. In contrast, manufacturers' outlook was the least positive since October 2016.

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Notes to Editors:

The Global Composite PMI Report is compiled by IHS Markit based on the results of manufacturing and service sector 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/
Italy	2.7%	IHS Markit	–	www.ihsmarkit.com
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
Australia	1.7%	IHS Markit	Commonwealth bank	www.commbank.com.au
South Korea	1.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
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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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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 Composite PMI™ Indices

The Global Composite PMI™ indices are seasonally adjusted with the exception of the Future Output Index. The seasonal adjustment, where applied, is undertaken 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 (“composite”) 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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