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# J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

## Global economic activity improves as service sector strengthens, but inflation remains elevated

### Key findings

J. P. Morgan Global Composite Output Index at 54.5

Improving service sector offsets weaker expansion of manufacturing production

Record, or near-record, increases in costs and charges across all six sub-sectors

The rate of global economic expansion accelerated to a three-month high in October, as a slower upturn at manufacturers was offset by stronger growth at services providers. Stretched supply chains, rising price inflation and a subdued trend in global exports stymied efforts to raise output further.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 54.5 in October, up from 53.3 in September, to signal expansion for the sixteenth month in a row. The pace of increase was above the average for this sequence for the first time in three months.

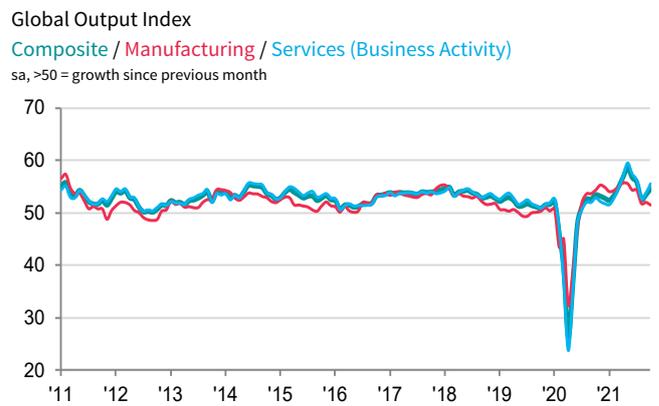
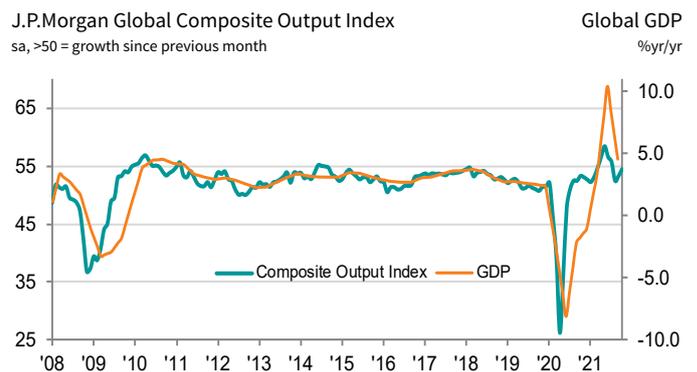
Services activity increased at a faster pace in October, as growth strengthened across the business, consumer and financial services categories. Although the upturn in manufacturing was extended to 16 months, production rose to the weakest extent during this sequence. Higher output in the consumer and intermediate goods industries offset the first fall in investment goods production since June 2020.

Output growth accelerated in the US, China (albeit only slightly), the UK, India and Kazakhstan. Japan and Australia returned to expansion following recent downturns, while rates of increase eased in the euro area and Brazil. Russia fell back into contraction territory.

Supporting higher economic activity was an uptick in new order intakes, which rose at the quickest pace in three months. A stronger increase at service providers offset a mild deceleration at manufacturers. Total new work expanded despite new export order growth remaining negligible.

Companies maintained a positive growth outlook during October, forecasting (on average) that economic activity

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### Composite Index summary

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

Index	Sep-21	Oct-21	Interpretation
Output	53.3	54.5	Growth, faster rate
New Business	53.5	54.3	Growth, faster rate
New Export Business	50.5	50.3	Growth, slower rate
Future Output*	67.1	65.2	Growth expected, lesser optimism
Employment	51.6	52.7	Growth, faster rate
Outstanding Business	53.0	52.8	Growth, slower rate
Input Prices	66.9	67.8	Inflation, faster rate
Output Prices	58.1	60.3	Inflation, faster rate

would be higher one year from now. Business optimism combined with rising new order intakes and backlogs of work encouraged further job creation.

Employment increased for the fourteenth month in a row, with the rate of growth the steepest since June. Staffing levels rose in China, the US, the euro area, Japan, the UK, India, Brazil and Australia, although China saw only a negligible rise. Russia and Kazakhstan registered lower employment.

Shortages of raw materials, longer vendor lead times and, in some cases, staff shortages led to a further substantial increase in average costs during October. Input prices rose at the fastest pace for over 13 years (since July 2008), with steep and accelerated increases seen at both manufacturers and service providers. Record, or near-record, cost inflation was registered across the six sub-sectors covered.

The pass-through of higher costs to clients led to the sharpest rise in average output charges in the series history (since October 2009). Output prices increased at record rates in both the manufacturing and service sectors. Four out of the six sub-industries covered (consumer, intermediate and investment goods producers and consumer services) registered record increases, while the other two (business and financial services) saw output prices rise to the second-greatest extents so far.

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index rose to a three-month high of 55.6 in October, up from 53.8 in September. Higher output was supported by improved intakes of new business, which rose despite a third successive month-on-month decrease in new export work.

Employment rose for the eighth successive month and at the quickest pace since June, as increased backlogs of work and continued business optimism supported stronger jobs growth. Price pressures remained elevated, however, with output charges rising at a record rate and input costs increasing to the greatest extent since August 2008.

**Services Index summary**

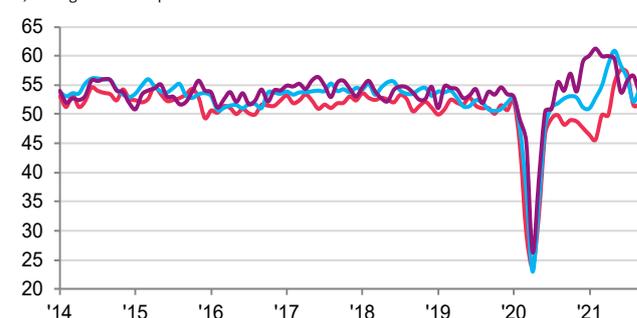
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Sep-21	Oct-21	Interpretation
Business Activity	53.8	55.6	Growth, faster rate
New Business	53.3	54.6	Growth, faster rate
New Export Business	48.7	49.3	Decline, slower rate
Future Activity*	68.2	65.9	Growth expected, lesser optimism
Employment	51.7	53.1	Growth, faster rate
Outstanding Business	52.1	52.2	Growth, faster rate
Input Prices	65.2	65.4	Inflation, faster rate
Prices Charged	57.1	59.0	Inflation, faster 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, Global Economist at J.P.Morgan, said:

*“After seeing a decline in the October manufacturing PMI, today’s news on the services front is encouraging. The global services activity PMI jumped 1.8-pts against a half point decline in the manufacturing sector. We read the news on the services front as consistent with continued recovery in global services activity from still low levels. The challenge is that the improvement in the services sector is being dimmed by supply constraints and the manufacturing sector PMIs suggest these pressures remain intense.”*

## 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	-

<sup>1</sup>Survey coverage of manufacturing sector only

<sup>2</sup>Manufacturing and services indices calculated from manufacturing and services responses extracted from survey panels covering the entire private sector economy.

<sup>3</sup>Hong Kong is a Special Administrative Region of China.

<sup>4</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

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

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