

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

Global service sector growth edges higher in July

The start of the third quarter saw a modest improvement in the rate of expansion in global services business activity. Output rose at the fastest pace in three months, as growth strengthened in the US, the UK and Italy and returned to expansion in India, Brazil and Russia. The outlook for the sector became less positive, however, as business optimism slumped to a survey-record low.

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 – posted 52.5 in July, up from 51.9 in June. The headline index remained below its long-run average of 54.2.

Please note that due to a later-than-normal release date, data for the Ireland Services PMI were not available for inclusion in the July 2019 global numbers.

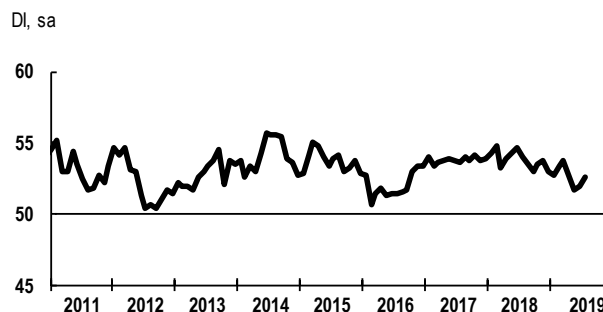
Business activity also increased in China, Japan, Germany, France, Spain and Australia. However, rates of expansion eased in all cases. The only nations to register a rate of output growth above the global average were the US, Germany, France, Spain and India.

Sector PMI data signalled that output rose across the business, consumer and financial services categories. Business and financial service providers saw their respective rates of expansion strengthen, with the fastest increase in the latter. The consumer services sector saw growth slow to a five-month low, the weakest expansion of the three categories covered.

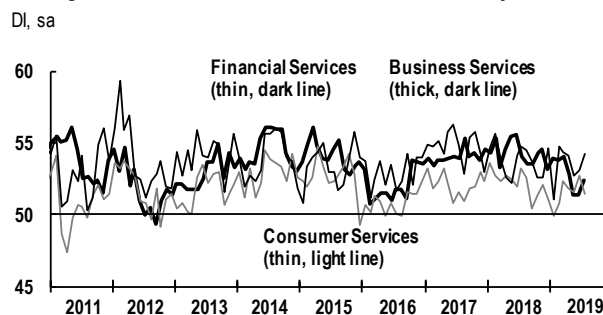
Incoming new business rose at the quickest pace in four months during July, partly reflecting a modest uptick in new export work. The current level of demand was sufficient to test capacity, leading to a further rise in backlogs of work. Stronger new order intakes and rising volumes of work-in-hand also encouraged firms to take on more staff. Russia, Brazil and Australia were the only nations covered by the survey to see lower staffing levels.

Price inflationary pressures remained relatively contained in the global services economy during July. Input costs and output charges both increased at one of the weakest rates seen over the past two-and-a-half years.

Service sector business activity



JPMorgan Global PMI Sectors: Services Business Activity



Global Services PMI™ Summary

50 = no change on prior month.

Index	Jun.	Jul.	+/-	Summary
Output/Activity	51.9	52.5	+	Growth, faster rate
New Business	52.6	53.1	+	Growth, faster rate
New Export Business	49.9	51.1	+	Rising, from falling
Backlogs of Work	50.7	50.7	=	Rising, same rate
Input Prices	54.4	54.4	=	Rising, same rate
Output Charges	51.8	51.2	-	Rising, slower rate
Employment	51.9	51.9	=	Rising, same rate
Future Activity	60.1	58.9	-	Positive, lesser extent

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Notes to Editors:

The Global Report on Services is based on the results of surveys covering over 7,000 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, India, Brazil, Italy, Russia, Spain, Australia, Saudi Arabia, Nigeria, South Africa, the UAE, 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 Composite PMI™ Report.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ :	21.6%			
After Sep. 2009		IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Before Oct. 2009		ISM	–	www.ism.ws
China	12.7%	IHS Markit	Caixin	www.caixin.com
Japan	7.7%	IHS Markit	Jibun Bank	www.jibunbank.co.jp
Germany	4.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
France	3.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
United Kingdom	3.5%	IHS Markit	CIPS	www.cips.org
India	3.3%	IHS Markit	–	–
Brazil	2.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Italy	2.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Russia	2.1%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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	–	–
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.5%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
UAE ³	0.5%	IHS Markit	–	–
Ireland	0.4%	IHS Markit	AIB	www.aibeconomics.com
Singapore ³	0.4%	IHS Markit	–	–
Hong Kong ³	0.4%	IHS Markit	–	–
Egypt ³	0.3%	IHS Markit	–	–
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.stanbicbank.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 (2017 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

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