

Embargoed until 1100 EST (1600 UTC) 4 November 2020

J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

Global economic growth fastest in over two years in October

Key findings

J. P. Morgan Global PMI Composite Output Index at 53.3 in October (52.5 in September)

Growth of output and new orders strengthen

Business optimism at 28-month high

October saw the fastest expansion of global economic output for over two years. Growth was underpinned by rising intakes of new work, improving business optimism and the continued stabilisation of trends in new export orders and staffing levels.

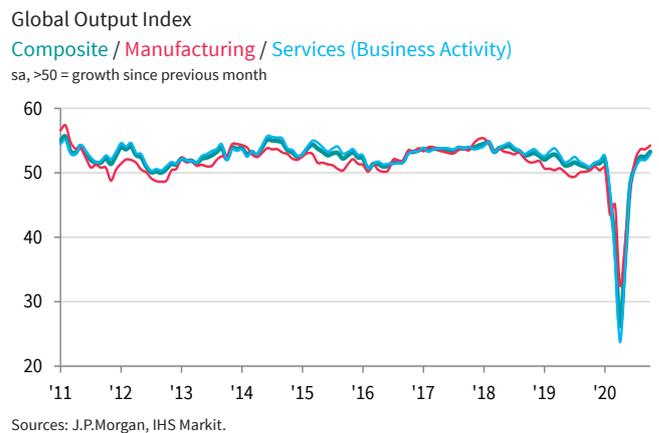
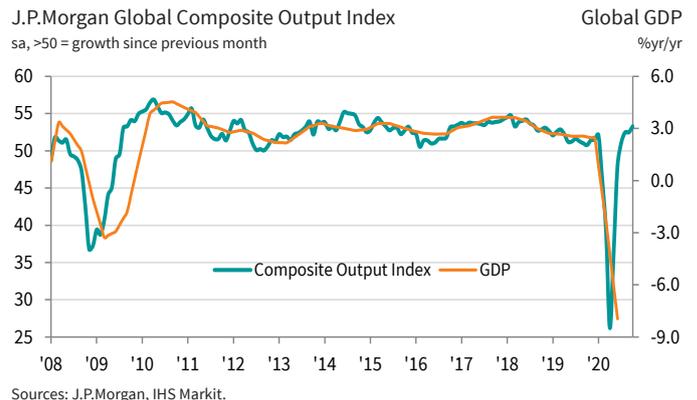
The J.P.Morgan Global Composite Output Index – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – rose to a 26-month high of 53.3 in October, up from 52.5 in September, to signal expansion for the fourth consecutive month. Growth strengthened in both the manufacturing (32-month high) and services (19-month high) industries.

Notes: due to later-than-usual release dates, manufacturing PMI data for Brazil, Colombia, Mexico, Myanmar and the Philippines and services PMI numbers for Brazil and Russia were not available for inclusion in the October global PMI readings. Flash PMI data for Japan services and composite are also included in lieu of the final numbers.

Five out of the six sub-sectors covered by the survey registered expansions of output at the start of the final quarter of 2020. Solid growth was seen in the business services, financial services, intermediate goods and investment goods categories. Consumer-facing industries tended to be a drag on the overall rate of increase. Growth at consumer goods producers slipped to its weakest in the current four-month upturn, while consumer services output contracted for the ninth successive month.

Economic growth hit a near two-and-a-half year high in the US. Rates of expansion also strengthened in China, India and Australia, but slowed in the UK. The eurozone stagnated (on average) as a marked increase in manufacturing production was offset by a further downturn in service sector business

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Composite Index summary

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

Index	Sep-20	Oct-20	Interpretation
Output	52.5	53.3	Growth, faster rate
New Business	52.4	52.8	Growth, faster rate
New Export Business	50.6	50.1	Growth, slower rate
Future Output*	59.5	63.5	Growth expected, firmer optimism
Employment	50.2	50.0	No change, from expanding
Outstanding Business	50.7	50.0	No change, from expanding
Input Prices	54.0	54.3	Inflation, faster rate
Output Prices	51.7	51.2	Inflation, slower rate

activity. Japan and Kazakhstan both registered contractions. Incoming new business increased for the fourth successive month in October, with the rate of growth accelerating to its fastest since March 2019. The level of new export business also edged higher for the second consecutive month. Backlogs of work were unchanged, following back-to-back increases in August and September.

Input cost inflation picked up in October, leading to a further rise in average output charges. Rates of inflation for both price measures were (on average) faster in emerging markets compared to developed nations.

Companies' outlook for the global economy remained positive in October. Business sentiment rose to a 28-month high, strengthening at both manufacturers and service providers alike. All of the nations covered by the survey maintained a positive outlook for the coming 12 months.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index posted a 19-month high of 52.9 in October, up from 52.0 in September. Output rose in the US, China, the UK, India and Australia. The euro area, Japan and Kazakhstan registered contractions.

Global service sector new business rose for the fourth month running and to the greatest extent since January. Employment ticked higher for the third month in a row, while backlogs of work fell slightly following recent increases. International trade in services continued to fall.

Business optimism among service providers improved to a two-year high in October, with Australia, the US, the UK and China the most confident nations covered by the survey. Average input costs and output charges both rose.

Services Index summary

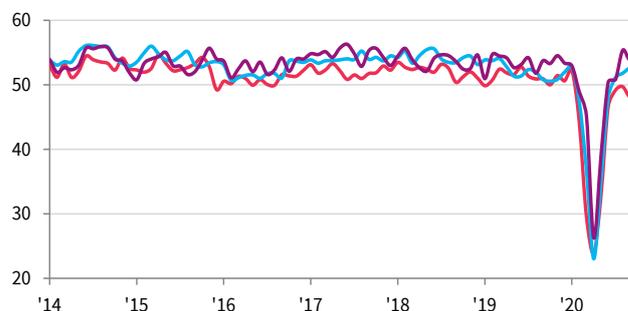
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Sep-20	Oct-20	Interpretation
Business Activity	52.0	52.9	Growth, faster rate
New Business	51.9	52.0	Growth, faster rate
New Export Business	46.8	46.2	Decline, faster rate
Future Activity*	58.5	63.5	Growth expected, firmer optimism
Employment	50.5	50.2	Growth, slower rate
Outstanding Business	50.6	49.4	Decline, from expanding
Input Prices	53.7	53.9	Inflation, faster rate
Prices Charged	51.8	51.0	Inflation, slower 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.

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 ¹	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 ^{1**}	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 ²	IHS Markit / ISM	-
Vietnam*	IHS Markit	-

¹Survey coverage of manufacturing sector only

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

³Hong Kong is a Special Administrative Region of China.

⁴US 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

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