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J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

Global economic growth accelerates in February

Key findings

J. P. Morgan Global PMI Composite Output Index at 53.2 in February (four-month high)

US leads the upturn; downturn continues in euro area

Input price inflation hits 12-and-a-half year high

Global economic growth accelerated to a four-month high in February. The rate of expansion ticked higher in manufacturing even though the sector was beset by rising supply-chain disruption, while services business activity increased at the quickest pace since last October.

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 53.2 in February, up from 52.3 in January and its second-highest reading for two-and-a-half years. The headline index has now signalled expansion for eight consecutive months.

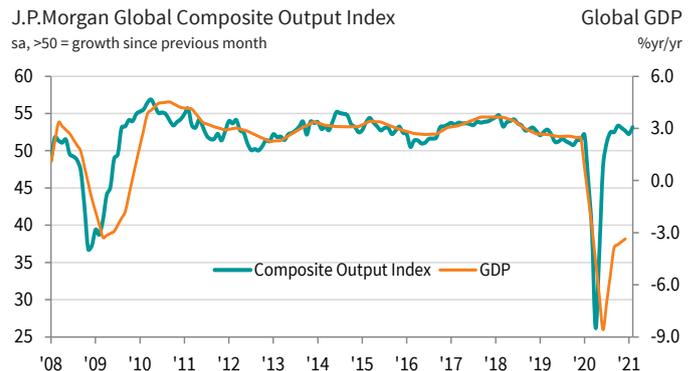
Notes: due to a later-than-usual release dates, manufacturing PMI data for South Korea and Taiwan were not available for inclusion in the February global PMI readings.

Growth was led by the US, where output rose to the greatest extent for six-and-a-half years. In second-place was India, where growth was the second-strongest for nine years. China, Germany, Italy, Russia and Australia also saw output rise. Downturns were signalled for Japan, the UK, France and Brazil among others.

Manufacturing continued to lead the global upturn, with production rising across the investment, intermediate and consumer goods industries. Growth at service providers was led by a further surge in the financial services sector. Business services also saw expansion, whereas the downturn at consumer service providers extended into its thirteenth successive month.

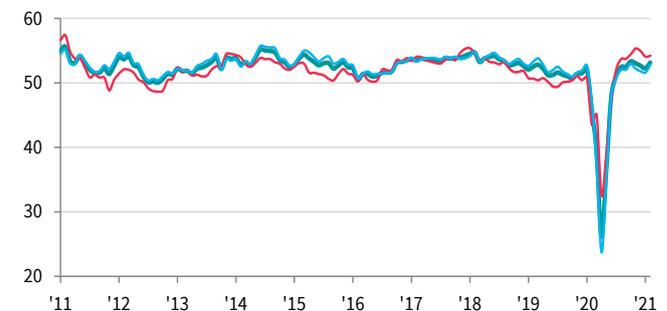
New business growth accelerated to a three-month high, as conditions strengthened in a number of domestic markets and the trend in new export orders stabilised. Employment also ticked higher, as a slight drop in headcounts at service

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Sources: J.P.Morgan, IHS Markit.

Global Output Index
Composite / Manufacturing / Services (Business Activity)
sa, >50 = growth since previous month



Sources: J.P.Morgan, IHS Markit.

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

Index	Jan-21	Feb-21	Interpretation
Output	52.3	53.2	Growth, faster rate
New Business	51.8	52.5	Growth, faster rate
New Export Business	49.5	50.2	Growth, from declining
Future Output*	65.9	65.8	Growth expected, weaker optimism
Employment	50.1	50.1	Growth, same rate
Outstanding Business	49.3	49.9	Decline, slower rate
Input Prices	59.9	61.6	Inflation, faster rate
Output Prices	53.5	54.0	Inflation, faster rate

providers was more than offset by modest job creation at manufacturers. Staffing levels rose in the US, the euro area (on average), Japan, Australia and Russia. China, India, Brazil and the UK registered job losses.

Inflationary pressures continued to build in February, with rates of increase accelerating for both input costs and output charges. Input prices rose at the quickest pace since September 2008 (149-month record) and output charges to the greatest extent since that time series began in October 2009. Developed nations (on average) saw steeper increases in both price measures compared to emerging markets.

Business sentiment remained positive during February, indicating that companies across the manufacturing and service sectors expect output to increase (on average) over the coming year. Although the overall degree of optimism dipped slightly, it was still above the long-run average. Confidence strengthened in the euro area, China, Japan, the UK, India, Brazil and Australia.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index rose to a four-month high of 52.8 in February, up from 51.6 in January. Higher output was underpinned by rising inflows of new business, which grew at the quickest pace since January of last year.

Employment ticked lower, following no change in the previous survey period. Average input costs rose to the greatest extent since September 2008, leading to a further solid increase in selling prices.

Output growth was led by the US. Expansions were also seen in China, India, Russia, Australia and Kazakhstan. Downturns continued in the euro area, Japan, the UK and Brazil.

Services Index summary

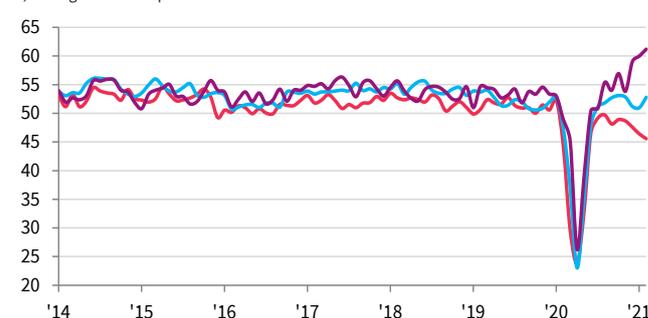
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Jan-21	Feb-21	Interpretation
Business Activity	51.6	52.8	Growth, faster rate
New Business	50.9	52.0	Growth, faster rate
New Export Business	47.4	47.6	Decline, slower rate
Future Activity*	66.5	65.2	Growth expected, weaker optimism
Employment	50.0	49.9	Decline, from no change
Outstanding Business	48.7	49.3	Decline, slower rate
Input Prices	58.9	60.4	Inflation, faster rate
Prices Charged	52.9	53.4	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:

“The global economy showed continued resilience in February, achieving accelerated growth in both output and new orders and a further slight increase in employment. Inflationary pressures are still building, with sharper increases in both input costs and output charges. Part of this reflects the continued disruption of supply chains following the pandemic, which should hopefully lessen later in the year if restrictions ease in line with current forecasts.”

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 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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