

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 economic growth edges higher despite business optimism dropping to series-record low

July saw a mild uptick in the rate of global economic expansion. Output growth accelerated to a three-month high, mainly due to a stronger expansion in the service sector. The downturn in manufacturing continued, with production volumes falling for the second straight month.

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 51.7 in July, up from 51.2 in June, but below its long-run average of 53.7 for the twelfth consecutive month.

Please note that a later-than-usual release date meant data for the Ireland Services PMI survey were not available to include in the July 2019 global readings.

All 12 of the nations for which composite PMI data are available saw economic activity rise during July. Only four (the US, China, India and Italy) registered stronger rates of increase, while the UK, Brazil and Russia returned to expansion following contractions in June. The US, France, India and Australia were the only nations to see growth above the global average.

All three of the service sub-sectors covered by the survey (business, consumer and financial) saw business activity expand during July. In contrast, production contracted at manufacturers of both intermediate and investment goods, more than offsetting increased consumer goods output.

Underpinning the improved rate of global output growth was a slightly faster increase in new work intakes. International trade flows remained a drag, as highlighted by the Composite New Export Orders Index falling to its lowest level since it was first compiled in September 2014. This mainly reflected the steepest drop in intakes of new export work at manufacturers since October 2012, as the trend at services providers staged a modest recovery.

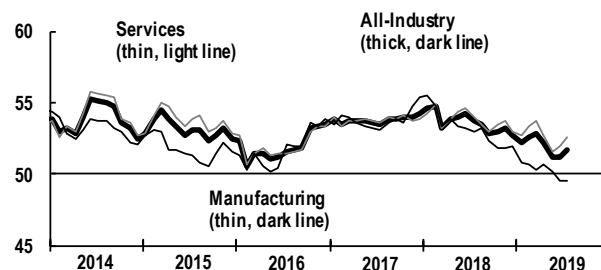
Despite the mild upticks in output and new order growth, the outlook became less positive in July. The Future Output Index – which monitors companies' optimism regarding the year ahead – dropped to a fresh survey low. Levels of confidence were also at their lowest ebbs recorded at manufacturers and service providers alike.

Commenting on the survey, Olya Borichevska, from Global Economic Research at J.P.Morgan, said:

“The July PMI data tell a story of two diverging sectors. Although the pace of expansion in global economic output and new orders rose to three-month highs, this was mainly driven by improved growth at service providers. In contrast, manufacturers continued to struggle, hit hard by the weakening trend in international trade flows. The outlook also became less positive, with the Future Output Index falling to its lowest level in the series history.”

JPMorgan global PMI output

Diffusion Index, sa



Global Composite PMI™

50 = no change on prior month.

Index	Jun.	Jul.	+/-	Summary
Output	51.2	51.7	+	Expanding, faster rate
New Orders	51.6	52.1	+	Expanding, faster rate
New Export Orders	49.1	49.0	-	Falling, faster rate
Employment	51.3	51.1	-	Rising, slower rate
Input Prices	53.7	53.4	-	Rising, slower rate
Output Charges	51.5	50.9	-	Rising, slower rate
Backlogs	50.0	49.8	-	Falling, from unchanged
Future Output	59.4	58.5	-	Positive, lesser extent

Employment increased again in July, with staffing levels rising in the US, the euro area, Japan, the UK and India. China, Brazil, Russia and Australia all registered job losses. Meanwhile, price pressures eased in the global economy, with rates of increase in both input costs and output charges slowing over the month.

Contact Information:

For economics comments, data and technical queries, please call:

IHS Markit Rob Dobson
 Director
 Telephone: +44-1491-461-095
 Email: rob.dobson@ihsmarkit.com

IHS Markit Press Office
 Joanna Vickers
 Corporate Communications
 Telephone: +44-207-260-2234
 Email: joanna.vickers@ihsmarkit.com

J.P.Morgan Chase Bank
 Olya Borichevska
 Global Economic Research
 Email: olya.e.borichevska@jpmorgan.com

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 20,000 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:}	21.6%			
IHS Markit		IHS Markit	–	www.ihsmarkit.com/products/pmi.html
ISM		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	BME	www.bme.de
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
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Spain	1.9%	IHS Markit	AERCE	www.aerce.org
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South Korea	1.7%	IHS Markit	–	–
Mexico	1.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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Poland	0.7%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Taiwan	0.6%	IHS Markit	–	–
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
Austria	0.5%	IHS Markit	Unicredit Bank Austria/OPWZ	www.bankaustria.at , www.opwz.com
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Israel	0.4%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , www.bankhapoalim.co.il
Hong Kong ³	0.4%	IHS Markit	–	–
Egypt ³	0.3%	IHS Markit	–	–
Greece	0.3%	IHS Markit	HPI	www.hellenicsupply.org
Czech Republic	0.3%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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Myanmar	0.1%	IHS Markit	–	–
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 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 (2017 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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