

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 services business activity growth slows in August

The rate of expansion of global service sector activity eased to a five-month low in August. The slowdown was broad-based, with weaker increases in output recorded across the business, consumer and financial services categories. Price inflationary pressures remained elevated.

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 – slipped to 53.5 in August, down from 54.0 in July, to post below its long-run average (54.2) for the second straight month. The headline index has signalled expansion in each of the past 109 months.

Output expanded in almost all of the national service economies for which August data were available. The sole exception was Brazil, where activity contracted at the sharpest pace in one-and-a-half years. Developed nations, on average, registered a faster rate of expansion than their emerging market counterparts.

Output growth improved mildly in the euro area, as faster expansions in Germany, France, Spain and Ireland more than offset a weaker increase in Italy. Japan and the UK also saw stronger rises in activity. Growth remained solid in the US, despite slowing to a four-month low.

Rates of expansion eased in China (ten-month low) and India (weakest in the current three-month sequence of increase). Output growth in Russia accelerated to its highest since May.

The level of new business in the global service sector continued to rise at a robust pace in August. Although the rate of growth eased to a 16-month low, it exerted pressure on capacity, as signalled by a rise in outstanding business. Companies responded by raising employment, with the pace of job creation matching that seen in July.

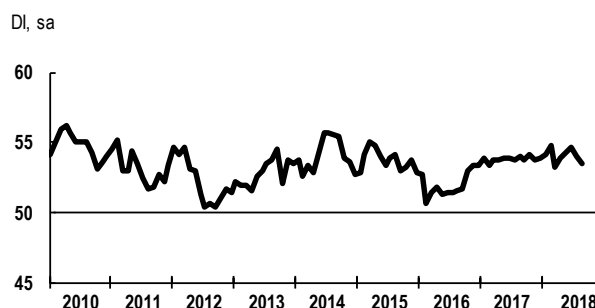
Staffing levels were increased in the US, the euro area, China, Japan, the UK, India and Australia. Job losses were seen in Brazil and Russia.

August saw output charges rise at a pace close to July's survey-record. Higher selling prices mainly reflected increased input costs. The rate of input price inflation was in line with its long-run average, but slightly weaker than those registered in the prior two months.

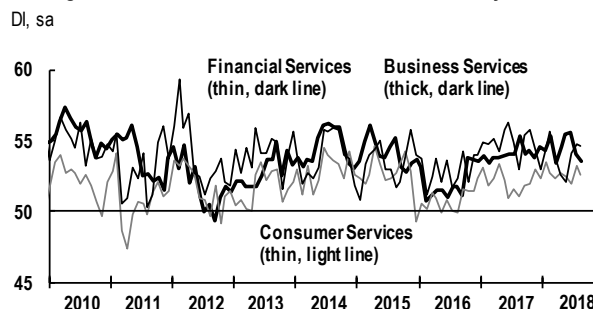
Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“August PMI data signalled a further growth slowdown in the global service sector, with rates of expansion in output and new orders losing traction. However, with optimism about the future strengthening, backlogs of work increasing and job creation steady, there remains some scope for output growth to improve later in the year.”

Service sector business activity



JPMorgan Global PMI Sectors: Services Business Activity



Global Services PMI™ Summary

50 = no change on prior month.

Index	Jul	Aug	+/-	Summary
Output/Activity	54.0	53.5	-	Growth, slower rate
New Business	54.1	54.0	-	Growth, slower rate
Backlogs of Work	49.9	50.4	+	Rising, from falling
Input Prices	56.7	56.4	-	Rising, slower rate
Output Charges	53.4	53.0	-	Rising, slower rate
Employment	52.8	52.8	=	Rising, same rate
Future Activity	63.5	64.0	+	Positive, greater extent

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Notes to Editors:

The Global Report on Services is based on the results of surveys covering over 6,500 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, Brazil, India, Italy, Russia, Spain, Saudi Arabia, the UAE, Nigeria, South Africa, 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 All-Industry PMI™ Report.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ :				
After Sep. 2009	22.2	IHS Markit	–	www.ihsmarkit.com
Before Oct. 2009	22.2	ISM	–	www.ism.ws
China	11.9%	IHS Markit	Caixin	www.caixin.com
Japan	7.6%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	4.9%	IHS Markit	–	www.ihsmarkit.com
France	3.7%	IHS Markit	–	www.ihsmarkit.com
United Kingdom	3.6%	IHS Markit	CIPS	www.cips.org
Brazil	3.1%	IHS Markit	–	www.ihsmarkit.com
India	3.1%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Italy	2.7%	IHS Markit	–	www.ihsmarkit.com
Russia	2.2%	IHS Markit	–	www.ihsmarkit.com
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	Emirates NBD	www.emiratesnbd.com
UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.6%	IHS Markit	Standard Bank	www.standardbank.com
Ireland	0.4%	IHS Markit	Investec	www.investec.co.uk
Singapore ³	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Hong Kong ³	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Egypt ³	0.3%	IHS Markit	Emirates NBD	www.emiratesnbd.com
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.cfcstanbicbank.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 (2015 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

JPMorgan Chase & Co.

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