

## News Release

**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 1100 (New York) / 1600 (UTC) November 6th 2018**

## J.P.Morgan Global Composite PMI™

Produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM

### Global economic growth ticks higher at start of Q4

October saw a mild uptick in the rate of expansion of global economic output. The J.P.Morgan Global Composite Output Index<sup>1,2</sup> – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – rose to 53.0, up from September’s two-year low of 52.8, but still recorded its second-lowest reading since September 2016. Output growth accelerated at service providers, but eased slightly at manufacturers.

*Please note that, due to a later-than-usual release date, October readings from the Philippines PMI survey were not included in the global numbers.*

The upturn remained broad-based by sub-industry in October, with business activity rising across the six sectors covered by the survey. Growth accelerated in the business services, consumer goods and consumer services categories, but slowed in the financial services, intermediate goods and investment goods industries.

The US remained the prime driver of the expansion in global economic output. US growth improved to a three-month high, with rates of expansion solid at both manufacturers and service providers. Germany, Ireland, France, Spain and Russia were the other nations to register a rate of expansion above the global average (with the latter three also seeing growth accelerate).

Economic activity rose at the fastest rates in six and three months respectively in Japan and India. China, the UK and Australia all saw slower growth, while Italy contracted for the first time in almost four years and Brazil returned to expansion.

The rate of increase in incoming new business held steady at September’s 22-month low. This was still sufficient to test capacity as backlogs of work rose for the twenty-seventh successive month. This encouraged firms to raise employment, with the pace of job creation remaining above the survey average.

Staffing levels increased further in the euro area, the US, Japan, the UK and Australia. Brazil and Russia registered higher employment following periods of reduction running for 43 and five months respectively.

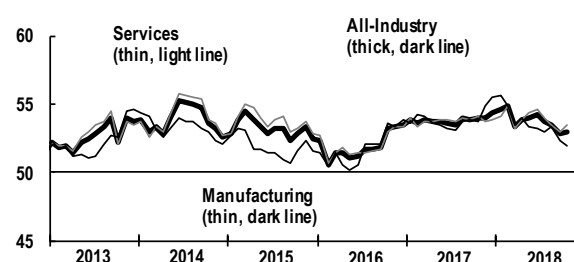
Business optimism strengthened in October. Positive sentiment moved to a four-month high, recovering from September’s two-year low. The improvement in optimism was mainly centred on service providers, as confidence among manufacturers dipped to a series-record low.

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

“The start of the final quarter saw a modest improvement in the rate of expansion of global economic output, as a stronger performing service sector offset the ongoing slowdown at manufacturers. With inflows of new work and jobs growth still solid, and business confidence rising, the current trend in global GDP growth is likely to be sustained at, or close to, its current pace during the remainder of the year.”

**JPMorgan global PMI output**

Diffusion Index, sa



#### Global Composite PMI™

50 = no change on prior month.

Index	Sep	Oct	+/-	Summary
Output	52.8	53.0	+	Expanding, faster rate
New Orders	53.5	53.5	=	Expanding, same rate
Employment	52.7	52.6	-	Rising, slower rate
Input Prices	58.0	58.5	+	Rising, faster rate
Output Charges	53.9	53.6	-	Rising, slower rate
Backlogs	50.9	50.8	-	Rising, slower rate
Future Output	62.4	63.7	+	Positive, greater extent

Input cost inflation accelerated for the second successive month in October, rising to its highest level since June. Meanwhile, output charges rose at a slightly slower pace. Rates of increase in both price measures remained stronger (on average) in developed nations compared to emerging markets.

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## 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 18,000 purchasing executives in over 40 countries. Together these countries account for an estimated 89% of global gross domestic product (GDP)<sup>4</sup>. 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 <sup>4</sup>	Producer	In association with	Website
United States <sup>1,2</sup> :				
Markit	22.2%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
ISM	22.2%	ISM	–	<a href="http://www.ism.ws">www.ism.ws</a>
China	11.9%	IHS Markit	Caixin	<a href="http://www.caixin.com">www.caixin.com</a>
Japan	7.6%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Germany	4.9%	IHS Markit	BME	<a href="http://www.bme.de">www.bme.de</a>
France	3.7%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
United Kingdom	3.6%	IHS Markit	CIPS	<a href="http://www.cips.org">www.cips.org</a>
Brazil	3.1%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
India	3.1%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Italy	2.7%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
Canada	2.4%	IHS Markit	SCMA	<a href="http://www.scma.com">www.scma.com</a>
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Spain	1.9%	IHS Markit	AERCE	<a href="http://www.aerce.org">www.aerce.org</a>
Australia	1.7%	IHS Markit	Commonwealth bank	<a href="http://www.commbank.com.au">www.commbank.com.au</a>
South Korea	1.7%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Mexico	1.6%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
Indonesia	1.3%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Turkey	1.2%	IHS Markit	Istanbul Chamber of Industry	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
Netherlands (The)	1.2%	IHS Markit	NEVI	<a href="http://www.nevi.nl">www.nevi.nl</a>
Saudi Arabia <sup>3</sup>	0.9%	IHS Markit	Emirates NBD	<a href="http://www.emiratesnbd.com">www.emiratesnbd.com</a>
Switzerland	0.8%	procure.ch	Credit Suisse	<a href="http://www.procure.ch">www.procure.ch</a> , <a href="http://www.credit-suisse.ch">www.credit-suisse.ch</a>
Taiwan	0.8%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Poland	0.7%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
Nigeria <sup>3</sup>	0.6%	IHS Markit	Stanbic IBTC Bank	<a href="http://www.stanbicibtcbank.com/">www.stanbicibtcbank.com/</a>
South Africa <sup>3</sup>	0.6%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
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UAE <sup>3</sup>	0.5%	IHS Markit	Emirates NBD	<a href="http://www.emiratesnbd.com">www.emiratesnbd.com</a>
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Ireland	0.4%	IHS Markit	Investec	<a href="http://www.investec.co.uk">www.investec.co.uk</a>
Singapore <sup>3</sup>	0.4%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Israel	0.4%	IPLMA	Bank Hapoalim Ltd	<a href="http://www.iplma.org.il">www.iplma.org.il</a> , <a href="http://www.bankhapoalim.co.il">http://www.bankhapoalim.co.il</a>
Philippines (The)	0.4%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Hong Kong <sup>3</sup>	0.4%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Egypt <sup>3</sup>	0.3%	IHS Markit	Emirates NBD	<a href="http://www.emiratesnbd.com">www.emiratesnbd.com</a>
Greece	0.3%	IHS Markit	HPI	<a href="http://www.hpi.org">www.hpi.org</a>
Czech Republic	0.3%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
New Zealand	0.2%	Business NZ	Bank of New Zealand	<a href="http://www.businessnz.org.nz">www.businessnz.org.nz</a> , <a href="http://www.bnz.co.nz">www.bnz.co.nz</a>
Vietnam	0.2%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Hungary	0.2%	HALPIM	Hungarian National Bank	<a href="http://www.logisztika.hu">www.logisztika.hu</a>
Myanmar	0.1%	IHS Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Kenya <sup>3</sup>	0.1%	IHS Markit	Stanbic Bank	<a href="http://www.cfcstanbicbank.co.ke">www.cfcstanbicbank.co.ke</a>
Lebanon <sup>3</sup>	0.1%	IHS Markit	BLOMINVEST Bank	<a href="http://www.blominvestbank.com">www.blominvestbank.com</a>

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 (2015 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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