

## News Release

**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 1100 (New York) / 1500 (UTC) September 5th 2019**

## J.P.Morgan Global Composite PMI™

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

### Global economic growth slows in August amid signs of further weakness to come

Global economic growth remained lacklustre in August, with signs that more weakness may be on the cards. Output rose at one of the slowest rates over the past three years, as new order intakes expanded at the joint-weakest pace since late-2012. Business optimism about the year ahead dropped to its lowest since future activity data were first tracked in July 2012.

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 – posted 51.3 in August, down from 51.6 in July. The only times that the headline index has been lower over the past three years were in May and June of this year (51.2 in both months). Australia was the only nation for which composite PMI output data are compiled to see contraction. Growth slowed in the US, the UK, India and Italy.

The slowdown was mainly centred on the global service sector. Although continuing to outperform the trend in manufacturing production, service sector output growth eased to its second-weakest pace since late-2016. Activity rose at reduced rates across the business, consumer and financial services categories.

Global manufacturing output stabilised in August, despite further declines in both total order books and new export business. The consumer goods sector was a relative bright spot, seeing production and new orders rise, contrasting with the ongoing downturns in the intermediate and investment goods industries.

The outlook for the global economy showed signs of further potential weakness to come. New orders fell at the joint-fastest rate in almost seven years in August, while business optimism sank to a fresh series-record low.

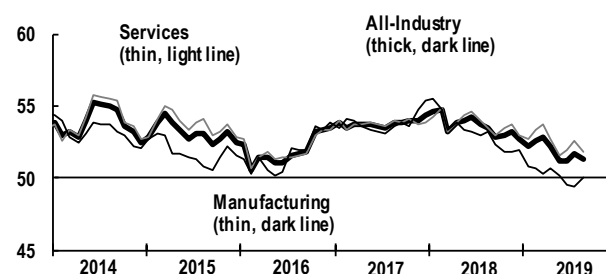
Job creation also slowed, with employment rising to the weakest extent in almost three years. All-industry staffing levels still increased in most of the nations covered by the survey, the exceptions being a decline in Russia and no change in the UK.

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

“The August PMI points to growth at the slowest pace over the past three years. Signs of further potential weakness are also gathering, with growth of new order inflows losing impetus, job creation slowing and business confidence sliding to a fresh series-record low. With market conditions tight and global trade tensions heightened, a sustained revival in global GDP growth still looks to be some way off in the distance.”

**JPMorgan global PMI output**

Diffusion Index, sa



#### Global Composite PMI™

50 = no change on prior month.

Index	Jul.	Aug.	+/-	Summary
Output	51.6	51.3	–	Expanding, slower rate
New Orders	52.1	51.1	–	Expanding, slower rate
New Export Orders	48.9	48.0	–	Falling, faster rate
Employment	51.1	50.7	–	Rising, slower rate
Input Prices	53.4	52.3	–	Rising, slower rate
Output Charges	50.9	50.2	–	Rising, slower rate
Backlogs	49.8	48.8	–	Falling, faster rate
Future Output	58.5	57.2	–	Positive, lesser extent

Price pressures remained largely contained in the global economy during August. Input cost inflation eased to a 41-month low, while the increase in output charges was marginal and the weakest in almost three-and-a-half years.

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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 20,000 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>	21.6%			
IHS Markit		IHS Markit	–	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
ISM		ISM	–	<a href="http://www.ism.ws">www.ism.ws</a>
China	12.7%	IHS Markit	Caixin	<a href="http://www.caixin.com">www.caixin.com</a>
Japan	7.7%	IHS Markit	Jibun Bank	<a href="http://www.jibunbank.co.jp">www.jibunbank.co.jp</a>
Germany	4.8%	IHS Markit	BME	<a href="http://www.bme.de">www.bme.de</a>
France	3.6%	IHS Markit	–	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
United Kingdom	3.5%	IHS Markit	CIPS	<a href="http://www.cips.org">www.cips.org</a>
India	3.3%	IHS Markit	–	–
Brazil	2.8%	IHS Markit	–	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
Italy	2.6%	IHS Markit	–	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
Canada	2.4%	IHS Markit	–	–
Russia	2.1%	IHS Markit	–	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
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	–	–
Mexico	1.6%	IHS Markit	–	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
Turkey	1.5%	IHS Markit	Istanbul Chamber of Industry	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
Indonesia	1.4%	IHS Markit	–	–
Netherlands (The)	1.1%	IHS Markit	NEVI	<a href="http://www.nevi.nl">www.nevi.nl</a>
Saudi Arabia <sup>3</sup>	0.9%	IHS Markit	–	–
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>
Poland	0.7%	IHS Markit	–	<a href="http://www.ihsmarkit.com/products/pmi.html">www.ihsmarkit.com/products/pmi.html</a>
Taiwan	0.6%	IHS Markit	–	–
Nigeria <sup>3</sup>	0.6%	IHS Markit	Stanbic IBTC Bank	<a href="http://www.stanbicibtcbank.com/">www.stanbicibtcbank.com/</a>
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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	–	–
Hungary	0.2%	HALPIM	–	<a href="http://www.logisztika.hu">www.logisztika.hu</a>
Myanmar	0.1%	IHS Markit	–	–
Kenya <sup>3</sup>	0.1%	IHS Markit	Stanbic Bank	<a href="http://www.stanbicbank.co.ke">www.stanbicbank.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 (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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