

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

Growth of activity and employment strengthens in February

February saw the rate of expansion in global service sector business activity improve for the first time in three months. At 53.3, up from January's 28-month low of 52.6, 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 – has signalled growth for 115 successive months.

Due to a later-than-usual release date, Services PMI data for Brazil were not available to include in the February 2019 global readings.

Output increased across the business, consumer and financial services categories. The strongest rate of growth was registered at financial service providers (seven-month high), followed by business services (two-month low). The modest expansion in the consumer services sector was an improvement on the contraction seen in the prior survey month.

The US was the main driver of the acceleration, seeing its rate of output growth hit a seven-month high. Upturns also strengthened in the euro area (three-month high), Japan (three-month high), the UK (four-month high) and India (two-month high). China saw business activity increase at the second-weakest pace in almost one-and-a-half years. Australia fell into contraction for the first time since the (Australian) survey history began in May 2016.

The level of new business rose at the fastest pace in three months during February. New order intakes improved across the business, consumer and financial services sectors. Inflows of new export business also strengthened globally, increasing to the greatest degree since June 2018.

Job creation accelerated to a five-month high in February. Employment rose in almost all the nations covered by the survey, the sole exception being the UK. Above global average increases were seen in the US, Germany, Spain, Russia, Ireland and India.

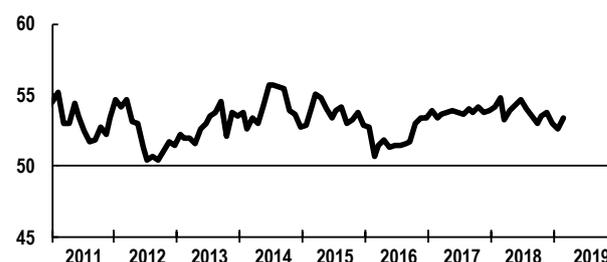
Rates of inflation in both input costs and output charges accelerated in February. Increases in both price measures were still (on average) steeper in developed nations compared to emerging markets.

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

“Growth of the global service sector looked to have turned a corner in February, with rates of expansion in output, new orders and employment all accelerating following recent slowdowns. Improved intakes of new work, alongside companies continued positive outlook, should hopefully see further growth headway made in the coming months.”

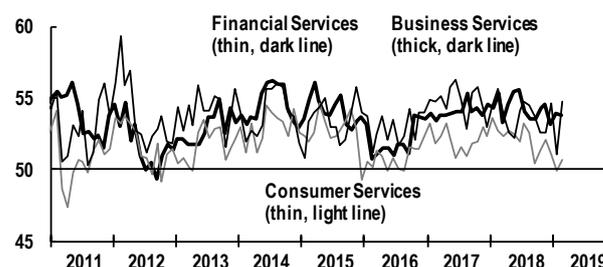
Service sector business activity

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JPMorgan Global PMI Sectors: Services Business Activity

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Global Services PMI™ Summary

50 = no change on prior month.

Index	Jan.	Feb.	+/-	Summary
Output/Activity	52.6	53.3	+	Growth, faster rate
New Business	52.6	53.4	+	Growth, faster rate
New Export Business	49.7	50.9	+	Rising, from falling
Backlogs of Work	50.0	50.8	+	Rising, from unchanged
Input Prices	54.9	55.6	+	Rising, faster rate
Output Charges	52.6	52.8	+	Rising, faster rate
Employment	51.8	52.9	+	Rising, faster rate
Future Activity	63.1	62.9	-	Positive, lesser extent

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Notes to Editors:

The Global Report on Services is based on the results of surveys covering over 7,000 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, India, Brazil, Italy, Russia, Spain, Australia, Saudi Arabia, Nigeria, South Africa, the UAE, 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 Composite PMI™ Report.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ :	21.6%			
After Sep. 2009		IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Before Oct. 2009		ISM	–	www.ism.ws
China	12.7%	IHS Markit	Caixin	www.caixin.com
Japan	7.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	4.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
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
Australia	1.7%	IHS Markit	Commonwealth Bank	www.commbank.com.au
Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.5%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Ireland	0.4%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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.stanbicbank.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 (2017 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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International Federation of Purchasing and Supply Management (IFPSM)

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