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J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

Global output contracts at fastest pace since 2009 amid COVID-19 spread

Key findings

J. P. Morgan Global PMI Composite Output Index falls to 39.4 in March (133-month low)

Service sector contracts at survey-record pace

Business expectations slump to new low

The global outbreak of the coronavirus disease 2019 (COVID-19) caused substantial disruption across the global economy during March. Output contracted at the sharpest rate in over 11 years, as the manufacturing downturn continued and services activity fell to the greatest extent in the survey history.

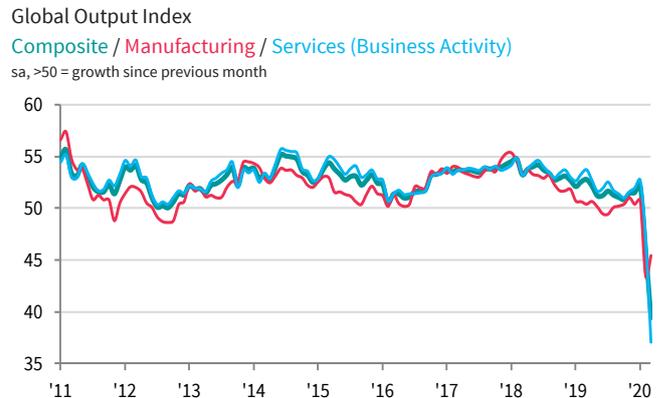
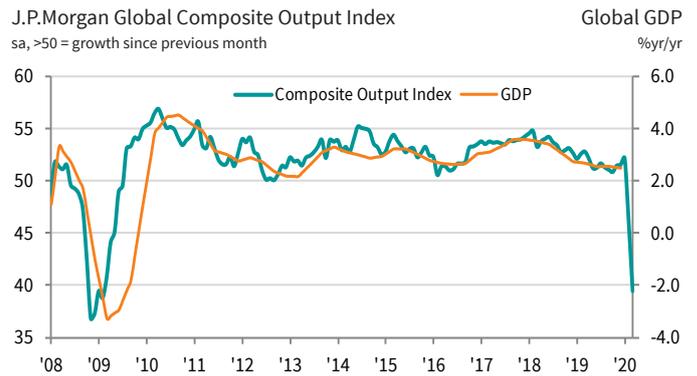
The J.P.Morgan Global Composite Output Index – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – fell to a 133-month low of 39.4 in March. Furthermore, the month-on-month drop in the index level (6.7 points) was the second-steepest in the series history. The current record was set in October 2001.

Notes: due to a later-than-usual release date, the Manufacturing PMI data for India and Mexico and Services PMI data for India were not included in the March Global PMI calculation. The latest data were collected between 12th-27th March, encompassing a time when the virus spread further from its origin in China to other Asian countries, Europe and the Americas.

The global service sector saw business activity, new business and new export business all contract at the steepest rates in the survey history. All the services PMI surveys signaled declines in output. The downturn in services was also much sharper than that signaled for manufacturing production. Only China recorded an increase in manufacturing output, although this merely represented a stabilization from a severe downturn in February. New manufacturing order intakes contracted at the steepest pace since early-2009, with new export orders falling at the quickest pace in almost 11 years.

Output contracted across all six of the sub-sectors covered by the survey. The steepest declines were registered in the consumer services and business services categories. A near-

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Composite Index summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Feb-20	Mar-20	Interpretation
Output	46.1	39.4	Decline, faster rate
New Business	46.3	39.2	Decline, faster rate
New Export Business	45.2	41.5	Decline, faster rate
Future Output*	59.8	48.0	Decline expected, weaker sentiment
Employment	49.8	46.6	Decline, faster rate
Outstanding Business	50.1	44.0	Decline, from rising
Input Prices	52.5	50.7	Inflation, slower rate
Output Prices	50.6	47.5	Decline, from rising

identical picture was also shown for trends in new business inflows into each sector.

China saw a marked easing in its rate of contraction, with its composite Output Index rising from 27.5 in February to 46.7 in March. The United States saw the weakest downturn of the largest developed world economies, but business activity still slumped to the greatest extent since the height of the global financial crisis. Business activity in Japan contracted at the sharpest rate since 2009 with the exception of the tsunami and earthquake crisis in 2011. With various eurozone countries stepping up measures to contain the spread of the coronavirus, the final Output PMI indicated the steepest collapse of business activity since data were first available in 1998, plunging from 51.6 to an all-time low of 29.7. The UK Composite Output Index fell from 53.0 to an all-time low of 36.0.

Global employment fell to the greatest extent since July 2009. Job losses were seen across all the nations covered by the survey. Average output charges fell for the first time since February 2016 and to one of the greatest extents in the series history. Input price inflation eased to a five-year low.

Global Services Summary.

Business activity, new orders and new export orders in the global services economy all contracted at survey-record rates in March. The J.P.Morgan Global Services Business Activity Index fell to 37.0, down from 47.1 in February, to stay below the neutral 50.0 mark for the second successive month. Employment fell at the fastest pace in over a decade.

The substantial downturn was mainly due to disruption caused by the global COVID-19 outbreak. The severity of the impact was emphasized by series-record month-on-month declines in the levels of indices tracking output (down 10.1 points), new orders (down 9.4), outstanding business (7.3 lower), new export orders (down 10.4) and future activity (13.1 lower).

Confidence regarding future output also dropped to a record-low in March. Companies signalled that they expect output to contract (on average) over the coming year for the first time since future output data were first collected in October 2009.

Services Index summary

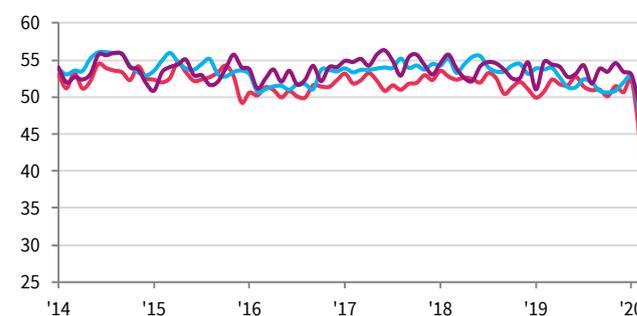
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Feb-20	Mar-20	Interpretation
Business Activity	47.1	37.0	Decline, faster rate
New Business	46.7	37.3	Decline, faster rate
New Export Business	45.9	35.5	Decline, faster rate
Future Activity*	59.4	46.3	Decline expected, weaker sentiment
Employment	50.8	46.2	Decline, from rising
Outstanding Business	49.6	42.3	Decline, faster rate
Input Prices	52.7	51.0	Inflation, slower rate
Prices Charged	50.9	46.9	Decline, from rising

Business Activity Index

Consumer services / Business services / Financial services

sa, >50 = growth since previous month



Sources: J.P.Morgan, IHS Markit.

Methodology

The J.P.Morgan Global Composite PMI™ is produced by IHS Markit in association with ISM and IFPSM.

Global composite PMI indices are compiled by IHS Markit from responses to monthly questionnaires sent to companies in manufacturing and services survey panels in over 40 countries (see table, right for full coverage), totalling around 27,000 companies. These countries account for 89% of global gross domestic product (GDP)*.

For manufacturing surveys, responses are collected for the following variables: output, new orders, new export orders, future output, backlogs of work, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods, input prices and output prices. For services surveys, responses are collected for the following variables: business activity, new business, new export business, future activity, outstanding business, employment, input prices and prices charged.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each manufacturing and services survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Global indices for manufacturing and services are calculated by weighting together the country indices using national manufacturing and services annual value added*. Global Composite indices are then calculated by weighting together comparable global manufacturing and services indices using global manufacturing and services annual value added*.

The headline figure is the Global Composite Output Index. This is a weighted average of the Global Manufacturing Output Index and the Global Services Business Activity Index.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

The J.P.Morgan Global Composite PMI provides the first indication each month of worldwide economic business conditions. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case. The wide coverage of the indices, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations worldwide.

* Source: World Bank World Development Indicators.

Data sources

Country / territory ¹	Producer	In association with
Australia	IHS Markit	Commonwealth Bank
Austria*	IHS Markit	Unicredit Bank Austria / OPWZ
Brazil	IHS Markit	-
Canada*	IHS Markit	-
China (mainland)	IHS Markit	Caixin
Colombia*	IHS Markit	Davivienda
Czech Republic*	IHS Markit	-
Denmark*	DILF	Kairoscommodities
Egypt**	IHS Markit	-
France	IHS Markit	-
Germany	IHS Markit	BME
Greece*	IHS Markit	HPI
Hong Kong SAR ^{1**}	IHS Markit	-
Hungary*	HALPIM	-
India	IHS Markit	-
Indonesia*	IHS Markit	-
Ireland	IHS Markit	AIB
Israel*	IPLMA	Bank Hapoalim Ltd
Italy	IHS Markit	-
Japan	IHS Markit	Jibun Bank
Kazakhstan	IHS Markit	Tengri Partners
Kenya**	IHS Markit	Stanbic Bank
Lebanon**	IHS Markit	BLOMINVEST Bank
Malaysia*	IHS Markit	-
Mexico*	IHS Markit	-
Myanmar*	IHS Markit	-
Netherlands (The)*	IHS Markit	NEVI
New Zealand*	Business NZ	Bank of New Zealand
Nigeria**	IHS Markit	Stanbic IBTC Bank
Philippines (The)*	IHS Markit	-
Poland*	IHS Markit	-
Russia	IHS Markit	-
Saudi Arabia**	IHS Markit	-
Singapore**	IHS Markit	-
South Africa**	IHS Markit	-
South Korea*	IHS Markit	-
Spain	IHS Markit	AERCE
Switzerland*	procure.ch	Credit Suisse
Taiwan*	IHS Markit	-
Thailand*	IHS Markit	-
Turkey*	IHS Markit	Istanbul Chamber of Industry
UAE**	IHS Markit	-
United Kingdom	IHS Markit	CIPS
United States ²	IHS Markit / ISM	-
Vietnam*	IHS Markit	-

¹Survey coverage of manufacturing sector only

²Manufacturing and services indices calculated from manufacturing and services responses extracted from survey panels covering the entire private sector economy.

³Hong Kong is a Special Administrative Region of China.

⁴US manufacturing data compiled by ISM pre-February 2010 and by IHS Markit post-January 2010. US services data compiled by ISM pre-October 2009 (non-manufacturing data) and by IHS Markit post-September 2009. ISM US non-manufacturing data also include responses from agriculture, mining, construction, utilities, wholesale, retail and public administration sectors. Where appropriate, month-on-month changes in ISM data have been applied to IHS Markit data to form a proxy back history.

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About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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About IFPSM

The International Federation of Purchasing and Supply Management (IFPSM) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. IFPSM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices. The term procurement is taken to embrace purchasing, materials management, logistics, supply chain management and strategic sourcing. IFPSM is a non-political, independent and non-profit oriented International Organization. www.ifpsm.org

About ISM

Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Mastery Model®. www.instituteforsupplymanagement.org

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