

## 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 output expands at faster pace in May

May saw global services output expand at the second-highest rate during the past three years. At 54.3, 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 106 months in a row.

*Please note that, due to a later-than-usual release date, PMI data for Irish services were not available for inclusion in the May 2018 global PMI numbers.*

Sector data indicated that the acceleration was centred on the business services category, where output growth hit a 38-month record. In contrast, rates of increase slowed at both consumer and financial service providers.

The US was a bright spot in the global service economy during May. Business activity in the US rose at the fastest pace in over three years with the upturn the best among the nations covered by the survey. The UK, Italy and Spain also saw faster growth (three-month highs in all cases), as did Australia (ten-month high). However, slower expansions in Germany and France meant growth (on average) across the eurozone service sector was the weakest in 16 months.

The national service economies of Asia fared less well in May, with the performances of Japan, China and India all below the global average. Output growth slowed in Japan and held steady in China, while India saw a contraction for the first time in three months. These three countries also saw intakes of new business rise at slower rates.

Elsewhere in the global service sector, rates of increase in output and new orders remained solid in Russia, but eased in both cases. Business activity fell slightly in Brazil, despite a mild expansion in new work received.

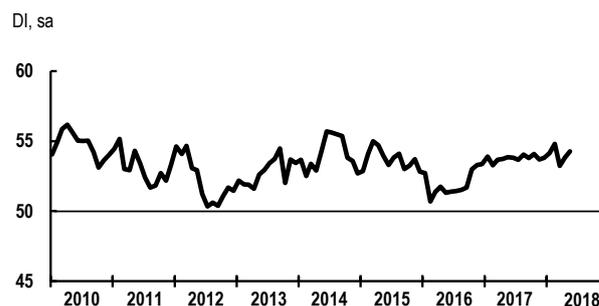
Global services employment rose again in May, extending the current sequence of job creation to 99 months. Staffing levels were increased in almost all of the nations covered, the sole exception being Brazil (where employment fell at the quickest pace since March).

Input cost inflation accelerated to a near seven-year high in May. The rate of increase picked up sharply (on average) in developed markets, whereas the acceleration across emerging nations was mild in comparison. Global service providers reported a further modest rise in output charges, albeit weaker than in the prior survey month.

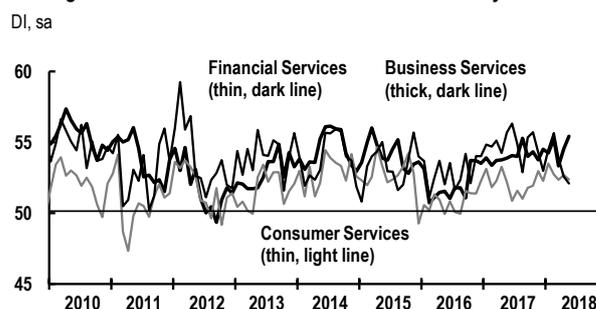
#### Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“The global service sector continued to gather steam in May, with output expanding at the second-fastest rate in over three years. New order growth also remained solid, despite slowing, while employment and backlogs of work both rose further. This combination should ensure that further robust output growth is achieved in the months ahead.”

#### Service sector business activity



#### JPMorgan Global PMI Sectors: Services Business Activity



#### Global Services PMI™ Summary

50 = no change on prior month.

Index	Apr.	May	+/-	Summary
Output/Activity	53.8	54.3	+	Growth, faster rate
New Business	55.5	54.5	-	Growth, slower rate
Backlogs of Work	51.4	51.1	-	Rising, slower rate
Input Prices	55.3	56.4	+	Rising, faster rate
Output Charges	52.6	52.5	-	Rising, slower rate
Employment	53.1	52.9	-	Rising, slower rate
Future Activity	66.6	65.5	-	Positive, lesser 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)<sup>2</sup>.

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 <sup>2</sup>	Producer	In association with	Website
United States <sup>1</sup> :				
After Sep. 2009	22.2	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
Before Oct. 2009	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	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</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>
Russia	2.2%	IHS Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</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>
Saudi Arabia <sup>3</sup>	0.9%	IHS Markit	Emirates NBD	<a href="http://www.emiratesnbd.com">www.emiratesnbd.com</a>
UAE <sup>3</sup>	0.5%	IHS Markit	Emirates NBD	<a href="http://www.emiratesnbd.com">www.emiratesnbd.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	Standard Bank	<a href="http://www.standardbank.com">www.standardbank.com</a>
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>
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>
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>
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 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

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