

News Release

MARKET SENSITIVE INFORMATION
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J.P.Morgan Global Composite PMI™

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

Global economic growth slowdown continues at start of 2019

The rate of global economic expansion eased to a near two-and-a-half-year low in January, as growth of new order inflows weakened and international trade in goods and services contracted.

At 52.1 in January, down from 52.7 in December, J.P.Morgan Global Composite Output Index^{1,2} – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted its lowest reading since September 2016. Rates of expansion slowed in both the manufacturing (31-month low) and service (28-month low) sectors. Growth in services business activity outpaced that of manufacturing production for the ninth month running.

Please note that a later-than-usual release date meant data for the Malaysian Manufacturing PMI were not available to include in the January global readings. Please also note that the back histories of the Global PMI time series (manufacturing, services and composite) have all been updated to reflect the annual review of the national weights applied to the data.

Output expanded in three out of the six sub-industries covered by the survey during January. The strongest rates of increase were seen in the business services and consumer goods sectors, with the former the only category to see growth accelerate. Expansion was also seen at financial service providers, although the rate of increase slowed sharply to a four-year low.

National PMI data indicated that the US remained the main driver of global economic expansion. Output growth slowed to a five-and-a-half-year low in the euro area, as increases in Germany, Spain and Ireland were offset by contractions in France and Italy. Rates of expansion slowed in China, Japan, the UK, Brazil, Russia, Australia and Ireland. Only Germany and Spain saw accelerated growth, although rates of increase steadied in both the US and India.

Inflows of new business rose at the slowest pace in two-and-a-half years during January. Growth in manufacturing new orders slumped to near-stagnation, while new work at service providers rose at the weakest pace since September 2016. New export business fell in both the manufacturing and service sectors.

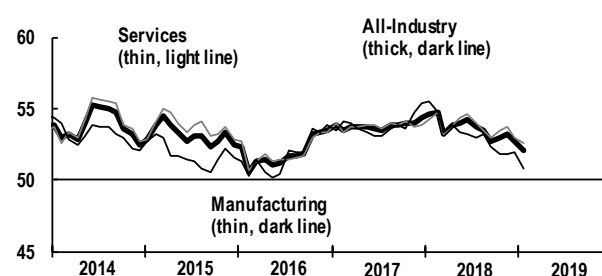
January saw input price inflation ease to a 27-month low. In contrast, the rate of increase in output charges accelerated slightly. Rises in both price measures remained (on average) stronger in developed nations compared to emerging markets.

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

“The January PMIs signal that global economic growth slowed to a 28-month low, as inflows of new work rose at a weaker pace and international trade in goods and services fell for the second month in a row. The trend in new orders will need to pick-up substantially in the coming months if global GDP growth is to recover to a level more in line with expectations for 2019 as a whole.”

JPMorgan global PMI output

Diffusion Index, sa



Global Composite PMI™

50 = no change on prior month.

Index	Dec.	Jan.	+/-	Summary
Output	52.7	52.1	-	Expanding, slower rate
New Orders	52.5	51.8	-	Expanding, slower rate
New Export Orders	49.8	49.5	-	Falling, faster rate
Employment	51.9	51.7	-	Rising, slower rate
Input Prices	55.7	54.7	-	Rising, slower rate
Output Charges	52.1	52.3	+	Rising, faster rate
Backlogs	49.8	49.9	+	Falling, slower rate
Future Output	61.1	62.4	+	Positive, greater extent

Employment rose again in January. However, the rate of job creation was the lowest in 21 months, as a faster increase in manufacturing was offset by a weaker expansion at service providers. Staffing levels rose in the US, the euro area, Japan, India, Russia and Australia, but declined in the UK, Italy and Brazil. No change was signalled in China.

Contact Information:

For economics comments, data and technical queries, please call:

IHS Markit

Rob Dobson
Director
Telephone: +44-1491-461-095

Email: rob.dobson@ihsmarkit.com

IHS Markit Press Office

Joanna Vickers
Corporate Communications
Telephone: +44-207-260-2234

Email: joanna.vickers@ihsmarkit.com

J.P.Morgan Chase Bank

David Hensley
Director of Global Economics
Coordination
Telephone: +1-212-834-5516

Email: david.hensley@jpmorgan.com

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)⁴. 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 ⁴	Producer	In association with	Website
United States ^{1,2} :	21.6%			
IHS Markit		IHS Markit	–	www.ihsmarkit.com/products/pmi.html
ISM		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	BME	www.bme.de
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United Kingdom	3.5%	IHS Markit	CIPS	www.cips.org
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Brazil	2.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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Canada	2.4%	IHS Markit	SCMA	www.scma.com
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- 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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