

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 service sector expands at slowest pace in 17 months

The upturn in the global service sector slowed to a 17-month low in March, with a softer expansion in business activity being accompanied by weaker growth of new orders. Business confidence remained positive, but slipped to its weakest in the year-so-far.

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 – posted 53.2 in March, down from 54.8 in February. The average reading for the opening quarter as a whole (54.1) was still the best outcome since the third quarter of 2014.

The expansion remained broad-based by both nation and sub-sector in March. Output rose across the three categories of activity covered by the survey (business, consumer and financial services) and also in all of the countries included. However, the slowdown was almost as broad as its base of expansion, with growth easing across the three sub-sectors. India (which returned to expansion) and Australia (where growth hit an eight-month high) were the only nations to improved output trends.

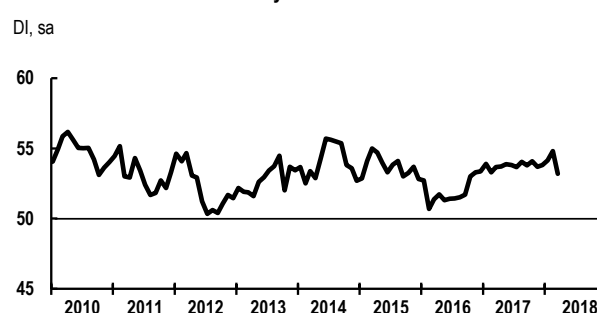
Growth was at a two-month low in the US. The euro area saw its rate of expansion ease to a seven-month low, while the upturn in the UK was the slowest during the current 20-month sequence of increase. Some Northern European nations were impacted by adverse weather conditions during the month. Growth in China, Japan, Brazil and Russia slipped to four-, 17-, two- and eight-month lows respectively.

March saw a slight deceleration in the rate of expansion in new orders. However, new business growth remained sufficiently robust to test capacity, leading to a further rise in backlogs of work and another increase in employment.

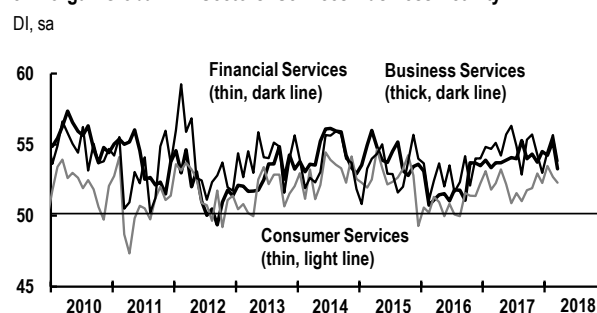
Price inflation moderated at the end of the first quarter, with March seeing the weakest rates of increase in costs and output charges during the year-so-far. Developed nations and emerging markets registered slower increases in both price measures, although the stronger rates of inflation were again seen in the former.

Business optimism remained positive in March, with companies forecasting (on average) that business activity would be higher one year from now. However, the degree of confidence eased to a three-month low and was below the long-run series average.

Service sector business activity



JPMorgan Global PMI Sectors: Services Business Activity



Global Services PMI™ Summary

50 = no change on prior month.

Index	Feb.	Mar.	+/-	Summary
Output/Activity	54.8	53.2	-	Growth, slower rate
New Business	55.4	54.4	-	Growth, slower rate
Backlogs of Work	51.3	51.1	-	Rising, slower rate
Input Prices	56.3	55.2	-	Rising, slower rate
Output Charges	53.1	52.5	-	Rising, slower rate
Employment	52.9	53.0	+	Rising, faster rate
Future Activity	66.4	64.9	-	Positive, lesser extent

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Notes to Editors:

The Global Report on Services is based on the results of surveys covering over 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)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 All-Industry PMI™ Report.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ :				
After Sep. 2009	22.2	IHS Markit	–	www.ihsmarkit.com
Before Oct. 2009	22.2	ISM	–	www.ism.ws
China	11.9%	IHS Markit	Caixin	www.caixin.com
Japan	7.6%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	4.9%	IHS Markit	–	www.ihsmarkit.com
France	3.7%	IHS Markit	–	www.ihsmarkit.com
United Kingdom	3.6%	IHS Markit	CIPS	www.cips.org
Brazil	3.1%	IHS Markit	–	www.ihsmarkit.com
India	3.1%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Italy	2.7%	IHS Markit	–	www.ihsmarkit.com
Russia	2.2%	IHS Markit	–	www.ihsmarkit.com
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
UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.6%	IHS Markit	Standard Bank	www.standardbank.com
Ireland	0.4%	IHS Markit	Investec	www.investec.co.uk
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.cfcstanbicbank.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 (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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