

News Release

MARKET SENSITIVE INFORMATION
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J.P.Morgan Global Manufacturing & Services PMI™

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

Global economy expands at fastest pace since early-2015

Global economic growth gathered momentum in August, with output rising at the quickest pace since April 2015. Rates of increase improved in the manufacturing and service sectors, reflecting ongoing expansions at consumer, intermediate and investment goods producers and across business, consumer and financial services.

The J.P.Morgan Global All-Industry Output Index^{1,2} – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 53.9 in August, up from 53.6 in July and above the neutral mark of 50.0 for the fifty-ninth month in a row.

Developed nations continued to outperform (on average) relative to emerging markets. The euro area saw a further solid gain in economic output, with the pace of increase matching that registered in July. Stronger growth of manufacturing production was offset by a softer increase in service sector activity. Within the currency union, faster growth was seen in Germany and Ireland.

The upturn in the US economy gathered pace, as output growth picked up to its steepest since January. Japan also saw a mild acceleration. The UK expanded at a slightly weaker pace than in July, while growth slowed in Australia to a ten-month low.

Among the emerging nations covered, economic output rose at accelerated rates in China (six-month high) and Russia (two-month high), but fell in India and Brazil. The latter two nations both saw improved performances among manufacturers offset by contractions in service sector business activity.

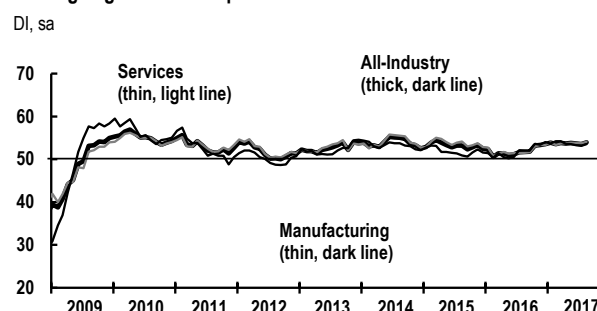
Global all-industry new business rose at the quickest pace in almost three years during August. This led to increased backlogs of work – which expanded to one of the greatest extents in almost four years – and further job creation. The rate of growth in employee numbers hit a 77-month record.

Staffing levels increased in the US, the eurozone, Japan, the UK, India, Australia and Russia. Employment was unchanged in China – following reductions in each of the prior four months – and cut further in Brazil.

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

“The August PMI signalled a broad and accelerated expansion of global economic output. Overall growth was the quickest since April 2015, underpinned by expansions across the six main categories of manufacturing and services covered by the survey. With new order inflows strengthening, backlogs rising and jobs growth accelerating, the economy looks set to perform well in the coming months.”

JPMorgan global PMI output



Global Manufacturing & Services PMI™

50 = no change on prior month.

Index	Jul.	Aug.	+/-	Summary
Output	53.6	53.9	+	Expanding, faster rate
New Orders	54.3	54.6	+	Expanding, faster rate
Employment	52.5	52.6	+	Rising, faster rate
Input Prices	54.8	55.6	+	Rising, faster rate
Output Charges	51.8	52.6	+	Rising, faster rate
Backlogs	51.2	51.3	+	Rising, faster rate
Future Output	63.9	64.8	+	Positive, greater extent

Price pressures strengthened slightly in August, with rates of increase in costs and output charges both accelerating. Input cost inflation reached a four-month high, whereas output prices rose to the greatest extent since May 2011. Developed nations registered steeper increases (on average) in both price measures than was generally seen among emerging markets.

Business optimism improved during the latest survey month. Confidence moved higher among service providers, but held steady in the manufacturing sector.

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Notes to Editors:

The Global Report on Manufacturing & Services is compiled by IHS Markit based on the results of surveys covering over 18,000 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} :				
Markit	22.2%	IHS Markit	–	www.ihsmarkit.com
ISM	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	BME	www.bme.de
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
Canada	2.4%	IHS Markit	SCMA	www.scma.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
South Korea	1.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Mexico	1.6%	IHS Markit	–	www.ihsmarkit.com
Indonesia	1.3%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Turkey	1.2%	IHS Markit	Istanbul Chamber of Industry	www.ihsmarkit.com
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Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Taiwan	0.8%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Poland	0.7%	IHS Markit	–	www.ihsmarkit.com
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South Africa ³	0.6%	IHS Markit	Standard Bank	www.standardbank.com
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UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Malaysia	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Denmark	0.4%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
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Singapore ³	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Israel	0.4%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , http://www.bankhapoalim.co.il
Philippines (The)	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
Greece	0.3%	IHS Markit	HPI	www.hpi.org
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New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Vietnam	0.2%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
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Lebanon ³	0.1%	IHS Markit	BLOMINVEST Bank	www.blominvestbank.com

- 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 (2015 data, constant US\$ measure).

Methodology: Global Manufacturing & Services PMI™ Indices

The Global Manufacturing & Services PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied 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 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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