

News Release

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 1100 (New York) / 1500 (UTC) September 6th 2017

J.P.Morgan Global Services PMI™

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

Global services growth gathers pace in August

August saw the rate of expansion in global service sector activity accelerate to a two-year high, as companies responded to rising levels of new business and backlogs of work. This in turn contributed to further solid job creation and rising business confidence.

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 – rose to 54.1 in August, up from 53.7 in July. The average reading so far in the third quarter is a tick above that for quarter two.

Global services activity and new orders have now risen in each of the past 97 months. The latest increases in both variables reflected gains across the business, consumer and financial services sectors. There were notable differences in the rates of growth, however. The strongest expansions were seen at business service providers and the weakest in the consumer services category.

By nation, output increased across the vast majority of the countries covered, the main exceptions being contractions in India and Brazil. Growth accelerated to a 21-month high in the US, three-month high in China and also picked up in Germany, Russia and Ireland. Rates of increase slowed in Japan, the UK, France, Italy, Spain and Australia.

August saw a solid increase in global service sector employment, with the rate of jobs growth matching July's 26-month record. Staffing levels were raised in the US, the euro area, China, Japan, the UK, Russia and Australia, but cut further in both India and Brazil.

Price pressures increased during August, with rates of inflation for both input costs and output charges picking up. The rise in input prices was the steepest in seven months, whereas the increase in service charges was the sharpest since April 2014.

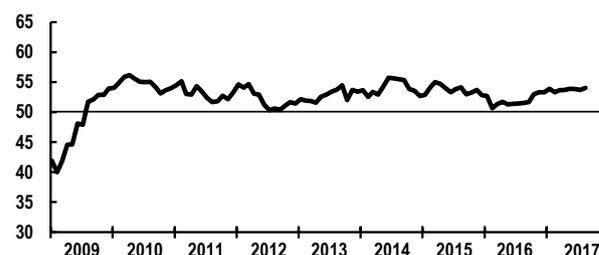
August saw a solid improvement in business optimism. Moreover, the degree of positive sentiment was only marginally below June's five-month high. Confidence increased across the business, consumer and financial services sub-sectors.

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

“August saw global service sector output rise at the quickest pace in two years, underpinned by a similarly robust expansion in incoming new business. The momentum gained by the sector suggests that growth over the third quarter as a whole will match or exceed that seen, on average, over the opening half of the year.”

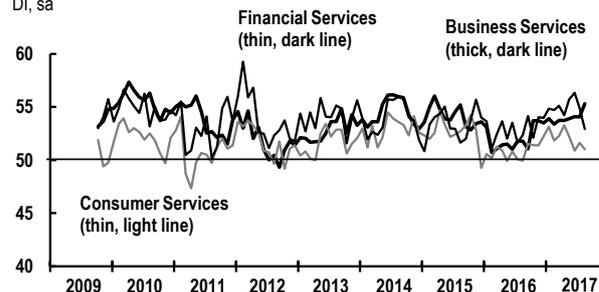
Service sector business activity

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JPMorgan Global PMI Sectors: Services Business Activity

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Global Services PMI™ Summary

50 = no change on prior month.

Index	Jul.	Aug.	+/-	Summary
Output/Activity	53.7	54.1	+	Growth, faster rate
New Business	54.5	54.8	+	Growth, faster rate
Backlogs of Work	51.3	51.1	-	Rising, slower rate
Input Prices	54.7	55.3	+	Rising, faster rate
Output Charges	51.8	52.5	+	Rising, faster rate
Employment	52.8	52.8	=	Rising, same rate
Future Activity	64.0	65.2	+	Positive, greater 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

JPMorgan Chase & Co.

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