

## News Release

**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 1100 (New York) / 1500 (UTC) August 3rd 2018**

## J.P.Morgan Global Services PMI™

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

### Global service sector growth eases in July

The rate of expansion in global service sector output eased to a three-month low in July, as intakes of new work rose at the weakest pace since last October. 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 54.0, down from 54.6 in June, and has remained above the neutral 50.0 mark for 108 consecutive months.

Output rose across the business, consumer and financial services sectors in July. Rates of expansion improved in the latter two, but slowed to a four-month low at business service providers. Slower trends in new order growth were evident across all three sectors.

The upturn also remained broad-based by country, with output rising across all of the national service economies covered by the July survey. Slower rates of expansion were also seen in the majority of nations, with only Russia, India and Brazil managing to buck that trend.

In Brazil's case this reflected a return to expansion following June's contraction, as opposed to the growth accelerations seen in Russia and India. Ireland registered the fastest rate of increase overall, followed closely by the US. Germany, France and India were the only other countries to outperform relative to the global average.

Global service sector employment increased again in July, continuing the sequence of rising staffing levels seen since March 2010. The pace of job creation remained solid, albeit easing to a six-month low. Russia and Brazil were the only nations covered to register lower employment. Rates of jobs growth accelerated in Japan, Italy, India and Ireland.

July data signalled a slight moderation in the overall level of business optimism in the global service sector. Positivity eased to a seven-month low and stayed below its long-run average. Developed nations and emerging markets both (on average) saw business confidence dip during the latest survey month.

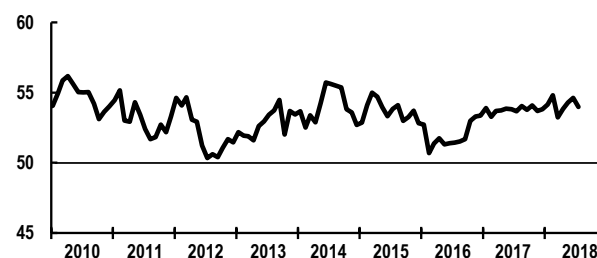
Average input prices continued to rise at a solid, albeit slower than June's seven-year record, pace during July. Part of the increase in costs was passed on to clients in the form of higher service charges. Average output prices rose for the sixty-first successive month, with the pace of inflation the steepest since the charges series was first compiled in October 2009.

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

“The July PMI data signalled that global service sector output growth slowed at the start of the third quarter, following a tandem weakening in the pace of expansion of incoming new orders. There was some positive news on the margins front, however, as input cost inflation slowed at a time when output charges are rising at a series-record pace.”

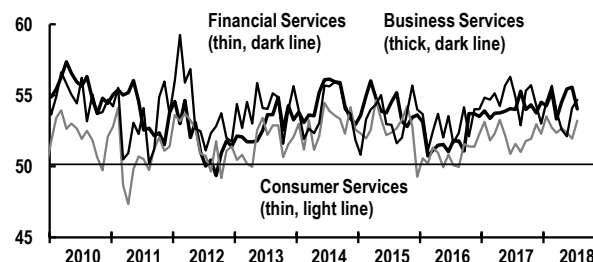
**Service sector business activity**

DI, sa



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

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#### Global Services PMI™ Summary

50 = no change on prior month.

| Index            | Jun  | Jul  | +/- | Summary                 |
|------------------|------|------|-----|-------------------------|
| Output/Activity  | 54.6 | 54.0 | -   | Growth, slower rate     |
| New Business     | 54.8 | 54.1 | -   | Growth, slower rate     |
| Backlogs of Work | 51.5 | 49.9 | -   | Falling, from rising    |
| Input Prices     | 57.2 | 56.7 | -   | Rising, slower rate     |
| Output Charges   | 52.9 | 53.4 | +   | Rising, faster rate     |
| Employment       | 53.1 | 52.8 | -   | Rising, slower rate     |
| Future Activity  | 64.5 | 63.5 | -   | Positive, lesser extent |

## 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](mailto:rob.dobson@ihsmarkit.com)

### IHS Markit Press Office

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

Email: [joanna.vickers@ihsmarkit.com](mailto: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](mailto:david.hensley@jpmorgan.com)

## 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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### International Federation of Purchasing and Supply Management (IFPSM)

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