

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 economic growth eases to four-month low in July

The rate of global economic expansion eased to a four-month low at the start of the third quarter. Output growth eased in the manufacturing and service sectors, as both experienced concurrent weakening in the pace of increase of new order intakes. The slowdown filtered through to business confidence, which dipped to a 20-month low in July.

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 53.7 in July, down from 54.2 in June, registering its second-lowest reading during the past year. The headline index has nonetheless signalled expansion for 70 months in a row.

Output expanded across the six sub-industries covered by the survey. Growth accelerations were signalled in the consumer services, financial services and intermediate goods sectors, whereas weaker increases were seen in the business services, consumer goods and investment goods categories. Evidence of slowdown was more widespread in relation to the trend in new orders. Although new work intakes rose across all six sectors, only intermediate goods producers registered an improved pace of growth.

The upturn in economic activity remained broad-based by nation. All of the 13 countries for which all-industry PMI data are compiled saw output rise, although only two (Germany and India) saw faster rates of expansion. Brazil registered a marginal increase in activity, an improvement on the contractions seen in May and June.

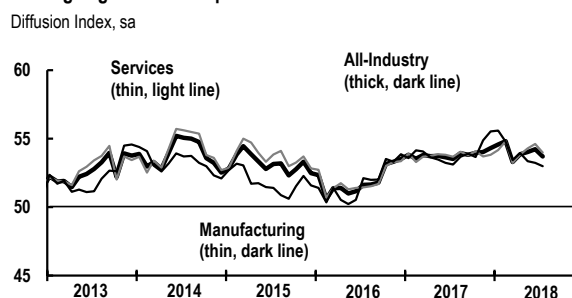
Growth slowed to a three-month low in the US and to two-month lows in the euro area, China and Japan. Elsewhere, rates of expansion eased to a three-month low in the UK, 26-month low in Russia and to its weakest in the 27-month series history in Australia.

Global employment continued to increase in July, with the rate of expansion remaining solid. However, job creation was stronger (on average) across developed nations relative to emerging markets. The pace of increase in the latter remained near-stagnant, as marginal reductions in China, Brazil and Russia offset an increase in India. Among the major developed nations, rates of job growth remained solid in the US, the euro area, Japan and Australia.

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

“The July PMI data suggest that the rate of global economic expansion slowed to a four-month low, with rates of increase losing traction in both the manufacturing and service sectors. Although growth of new order intakes slowed at the start of the third quarter, an expected firming of final demand in the coming months combined with the inventory-drag in manufacturing nearing its end should hopefully provide a platform for global GDP growth to revive later in the year.”

JPMorgan global PMI output



Global Manufacturing & Services PMI™

50 = no change on prior month.

Index	Jun.	Jul.	+/-	Summary
Output	54.2	53.7	-	Expanding, slower rate
New Orders	54.3	53.7	-	Expanding, slower rate
Employment	52.8	52.6	-	Rising, slower rate
Input Prices	58.7	58.1	-	Rising, slower rate
Output Charges	53.5	53.7	+	Rising, faster rate
Backlogs	51.6	50.3	-	Rising, slower rate
Future Output	63.7	63.1	-	Positive, lesser extent

Although input price inflation remained elevated in July, the rate of increase eased slightly from June’s seven-year high. Part of the rise in costs was passed on to clients in the form of higher output charges, which increased to the joint-greatest extent in the series history. Rates of inflation signalled for both price measures remained sharper (on average) across developed nations compared to emerging markets.

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 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
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Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
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Taiwan	0.8%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Poland	0.7%	IHS Markit	–	www.ihsmarkit.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
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Malaysia	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
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Ireland	0.4%	IHS Markit	Investec	www.investec.co.uk
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
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Czech Republic	0.3%	IHS Markit	–	www.ihsmarkit.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 (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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