

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 at 40-month high in January

The start of 2018 saw a further solid and broad-based expansion of global economic activity, with growth rising to a 40-month high. Output increased across the six categories of manufacturing and service sector activity tracked and in almost all of the national PMI surveys available at the time of publication.

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 54.6 in January, up from 54.3 in December. The headline index has signalled expansion in each of the past 64 months.

Please note that a later than usual release date meant PMI data for Malaysia manufacturing were not available for inclusion in the global numbers. The annual review of the global PMI weights has also been implemented, resulting in minor revisions to the time series histories from 2013 onwards.

Manufacturing production increased at a pace matching December 2017's near seven-year high, while output growth in the service sector improved to the fastest in three months. Economic activity increased at faster rates in four of the six sub-sectors covered by the survey (consumer and intermediate goods as well as consumer and financial services). Output also expanded in the business services and intermediate goods categories.

National PMI data pointed to a broad-based upturn in world economic activity, with all of the nations for which all-industry data are available registering expansions. The euro area remained a principal growth engine. Eurozone output rose at the quickest pace in almost 12 years, with growth accelerating in Germany, Italy and Spain.

Rates of expansion also strengthened in China and Japan, while Brazil returned to growth following recent contractions. Slower rates of increase were signalled for the US, the UK, India, Russia, Australia and Ireland.

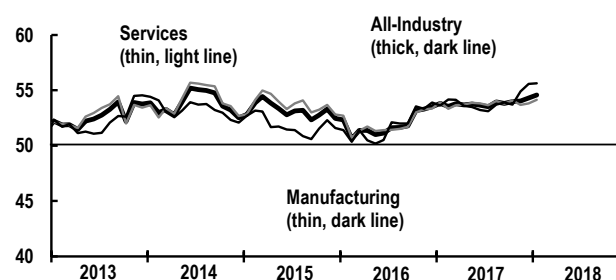
Global all-industry new business rose at the quickest pace in over three-and-a-half years in January. Strong new order growth tested capacity, leading to the steepest rise in backlogs of work since August 2007. This in turn encouraged job creation, with employment increasing at the joint-fastest rate in a decade.

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

“The world economy sustained its strong upturns in output and new business at the start of 2018, as manufacturers and service providers benefitted from a synchronised upswing in global market conditions and growth. Forward-looking indicators such as new orders, backlogs of work and business confidence also suggest that this solid phase of expansion will be maintained in coming months.”

JPMorgan global PMI output

Diffusion Index, sa



Global Manufacturing & Services PMI™

50 = no change on prior month.

Index	Dec.	Jan.	+/-	Summary
Output	54.3	54.6	+	Expanding, faster rate
New Orders	54.8	55.1	+	Expanding, faster rate
Employment	52.9	52.9	=	Rising, unchanged rate
Input Prices	56.9	57.6	+	Rising, faster rate
Output Charges	52.8	53.1	+	Rising, faster rate
Backlogs	51.5	51.9	+	Rising, faster rate
Future Output	63.2	65.0	+	Positive, greater extent

Staffing levels rose in almost all of the nations covered, the exception being Brazil. Jobs growth improved in China, Japan, Germany and the UK, but slowed in the US, France, Italy, Spain, India, Russia, Ireland and Australia.

Price pressures increased at the start of 2018. Inflation of input costs and output charges strengthened to 79- and two-month highs respectively. Rates of increase in both price measures were sharper in developed nations compared to their emerging market counterparts.

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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/
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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
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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 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 Source: World Bank World Development Indicators (2015 data, constant US\$ measure).
- 4)

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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