

News Release

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

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

Growth of global services output improves in October

The start of the fourth quarter saw a further solid expansion of global service sector output. At 54.1, up from 53.8 in September, 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 its joint-highest reading during the past two-and-a-half years.

Rates of output growth accelerated across the business, consumer and financial services sectors. The steepest increase was signalled by financial service providers and the weakest by consumer services firms.

National PMI data also pointed to a broad-based increase in business activity. Among the countries covered, only Brazil failed to register an expansion.

Eurozone nations continued to fare comparatively well, despite seeing growth ease (on average) over the month. Within the currency union, France saw a stronger pace of service sector expansion (seven-month high) whereas growth slowed in Germany, Italy, Spain and Ireland.

Service sector output in the UK rose at the quickest pace in six months, while growth steadied at a robust level in the US. Rates of expansion accelerated in China, Japan and India, but remained below the global average in all three cases.

October saw a solid increase in global service sector new business, although the rate of growth slipped to a six-month low. The upturn was nevertheless still sufficient to test capacity, as backlogs of work rose for the fifteenth consecutive month.

Job creation was recorded again in October, with the pace of increase staying among the best registered over the past two-and-a-half years. Employment rose in almost all of the nations covered by the survey, the sole exception being Brazil.

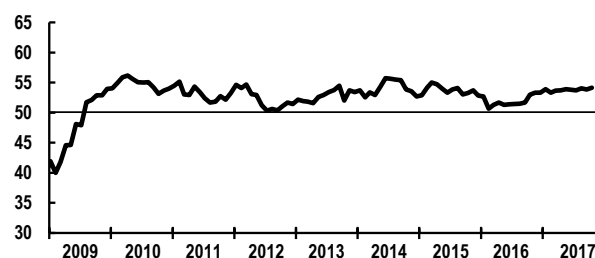
Price inflation eased slightly during October. Average costs rose at the slowest pace in three months, reflected in an weakening of output charge inflation to a six-month low. Rates of increase in both price measures were slightly stronger (on average) in developed nations compared to emerging markets.

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

“Global service sector output and employment rose at quicker rates in October. Slightly slower increases in new business and backlogs of work suggest a further significant acceleration in output growth is not in the offing. However, positive business sentiment and an easing in cost inflationary pressures should ensure the upturn is sustained at its current solid clip heading into year-end.”

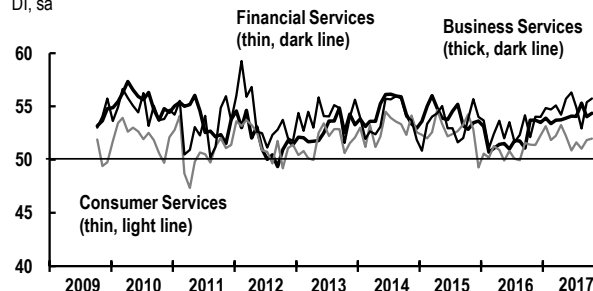
Service sector business activity

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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 | Sep. | Oct. | +/- | Summary |
|------------------|------|------|-----|--------------------------|
| Output/Activity | 53.8 | 54.1 | + | Growth, faster rate |
| New Business | 54.6 | 54.1 | - | Growth, slower rate |
| Backlogs of Work | 51.1 | 50.9 | - | Rising, slower rate |
| Input Prices | 55.5 | 54.7 | - | Rising, slower rate |
| Output Charges | 52.8 | 51.6 | - | Rising, slower rate |
| Employment | 52.6 | 52.7 | + | Rising, faster rate |
| Future Activity | 63.9 | 64.4 | + | 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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International Federation of Purchasing and Supply Management (IFPSM)

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