

## 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

### Services output growth slows despite uptick in new order inflows

September saw a further slowdown in the rate of expansion of global service sector business activity. Growth eased to a near two-year low, despite a mild uptick in the rate of increase in new work inflows.

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 53.0 in September, down from 53.5 in August. The headline index has remained above the neutral 50.0 mark for 110 consecutive months.

*Please note that due to later than usual release dates, September 2018 survey data for Australia, China and India were not available for inclusion in the global numbers.*

Output rose across the business, consumer and financial services sub-sectors. The fastest rate of expansion was registered at financial service providers and the slowest in the consumer services category (although both saw growth slow since the prior survey month). The business services sub-sector saw its rate of increase hold steady at August's five-month low.

National PMI data highlighted the euro area as a bright spot for the global service economy. Output in the currency union rose at the quickest pace in three months, with stronger growth seen in Germany, Italy and Ireland. Russia also saw its upturn accelerate.

The US and the UK both saw slower increases in business activity, as did Japan, France and Spain. In the case of Japan, the rate of expansion was only marginally above stagnation. Brazil saw output contract for the second successive month, with the rate of decline the steepest since February 2017.

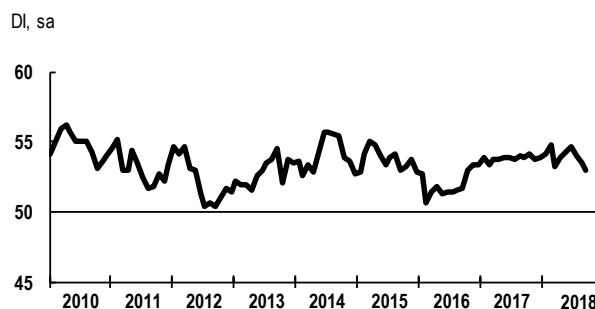
Growth of new business accelerated for the first time in three months in September, while backlogs of work also expanded and job creation was the strongest since December 2007. The increase in employment mainly reflected strong and accelerated jobs growth in the US (40-month high) and the euro area (131-month high). The trend in business optimism was less positive, however, slipping to a two-year low.

Price inflationary pressures picked up in September. Output charges rose at the quickest pace since selling price data were first compiled in October 2009. This was mainly due to rising input costs, which increased to the greatest extent in three months.

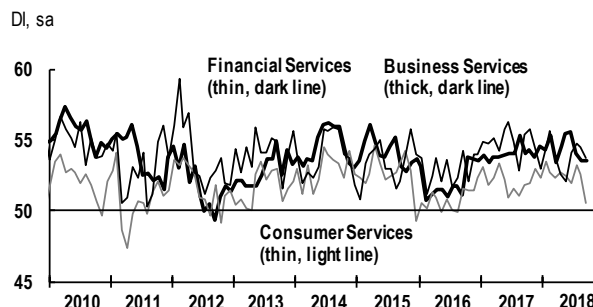
**Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:**

“Although the slower growth of global service sector activity signalled by the September PMI is disappointing, stronger new order inflows, rising backlogs of work and the steepest job creation in almost 13 years are all positive performance indicators for the months ahead. On that basis, expect services to make a firmer contribution to global GDP growth during the final quarter.”

**Service sector business activity**



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



### Global Services PMI™ Summary

50 = no change on prior month.

Index	Aug	Sep	+/-	Summary
Output/Activity	53.5	53.0	-	Growth, slower rate
New Business	54.0	54.2	+	Growth, faster rate
Backlogs of Work	50.4	50.9	+	Rising, faster rate
Input Prices	56.4	56.8	+	Rising, faster rate
Output Charges	53.0	53.8	+	Rising, faster rate
Employment	52.8	53.5	+	Rising, faster rate
Future Activity	64.0	62.9	-	Positive, lesser 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)<sup>2</sup>.

For the US, data are taken from a combination of the IHS Markit US Services PMI<sup>TM</sup> 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<sup>TM</sup> 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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