

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 edges higher in May

May saw the rate of global economic expansion improve, as an acceleration at service providers offset slower growth in manufacturing. The US overtook the euro area as the principal growth engine. The expansion in the former gathered pace, whereas the upturn in the latter cooled further from highs seen around the turn of the year.

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 – rose to a three-month high of 54.0 in May, up marginally from 53.9 in April. The index has signalled expansion for 68 months in a row.

Please note that, due to later-than-usual release dates, PMI data for Indonesian manufacturing, Malaysian manufacturing and Irish services were not available for inclusion in the May 2018 global PMI numbers.

Service sector business activity increased at the second-strongest pace in over three years during May. Growth accelerated at business service providers, in contrast to weaker expansions in both the consumer and financial service sectors. Worldwide manufacturing production increased at a slower, yet still solid, pace. Slower growth in the consumer and intermediate goods sectors were only partly offset by a sharper expansion of output in the investment goods category.

National all-industry PMI data signalled that the US was the prime driver of global economic expansion in May. Output in the US rose at the fastest pace in over three years to overtake the growth rate of the euro area for the first time since January 2017. Activity across the eurozone still increased at a solid clip (on average), despite slower rates of expansion in Germany and France.

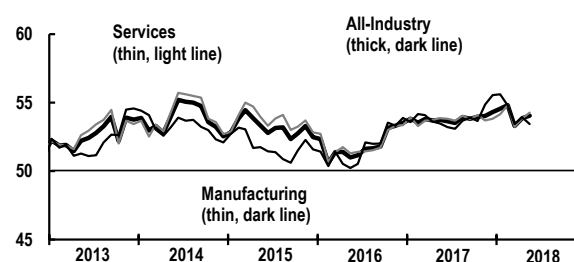
Slower growth was signalled in Japan, India and Russia, while the rate of increase in China steadied at April's modest pace. The upturn in Australia accelerated to a ten-month high, while Brazil registered a contraction of economic activity for the first time in five months.

Global all-industry new business rose at a solid pace, albeit the joint-weakest in the past seven months. The increase was also sufficient to test capacity, as highlighted by a further expansion in outstanding business.

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

“May PMI data signalled a further uptick in the rate of global economic growth. The service sector upturn is gathering pace and, although slower than in April, the rate of expansion in manufacturing output remains solid. Robust inflows of new work, rising employment and positive business sentiment should all support further output growth during the coming months.”

JPMorgan global PMI output
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Global Manufacturing & Services PMI™

50 = no change on prior month.

Index	Apr.	May	+/-	Summary
Output	53.9	54.0	+	Expanding, faster rate
New Orders	55.0	54.2	-	Expanding, slower rate
Employment	52.9	52.6	-	Rising, slower rate
Input Prices	56.8	57.6	+	Rising, faster rate
Output Charges	53.0	53.0	=	Rising, unchanged rate
Backlogs	51.6	51.3	-	Rising, slower rate
Future Output	66.0	65.1	-	Positive, lesser extent

Job creation was registered again in May. The rate of growth remained solid, despite easing to its lowest since last October. Staffing levels were raised in the majority of the nations covered by the survey. The exceptions were reductions in Russia and Brazil, while employment was unchanged in China.

Input price inflation accelerated to a three-month high in May. This in turn led to an increase in average output charges. Rates of inflation in both price measures were generally faster (on average) in developed nations compared to emerging markets.

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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
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South Korea	1.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
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Taiwan	0.8%	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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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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