

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

Global service sector enjoys best quarter in over two years

June saw further growth of business activity in the global service sector. At 53.8, down marginally from 53.9 in May, 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 – pointed to a solid rate of expansion. The average reading over the second quarter as a whole (53.8) was the best outcome since quarter two of 2015.

Please note that the global PMI is now calculated using data from the Commonwealth Bank Australia Services PMI, produced by IHS Markit. Previously published historical time series values have been restated to reflect this change.

The financial services sector registered the steepest expansion of business activity for over five years. Output growth also accelerated in the business services category, reaching a 22-month record. In contrast, consumer services activity rose at the weakest pace in the current ten-month sequence of expansion.

Service sector activity increased in almost all of the nations covered by the survey. Growth improved in the US, Japan, India and Australia, but slowed in the euro area, China, the UK and Russia. Brazil contracted at the quickest pace in four months.

Inflows of new work strengthened and business optimism ticked higher in the global service sector, leading to improved job creation and rising backlogs of work. The rate of increase in new orders was the second-sharpest since July 2015, while the degree of positive sentiment rose to a five-month high.

Service sector employment increased at the quickest pace in five months during June. Staffing levels rose in almost all of the nations covered by the survey, the exception being Brazil. Job creation accelerated in the US, the euro area, Japan, the UK and Australia, but slowed in Russia and China.

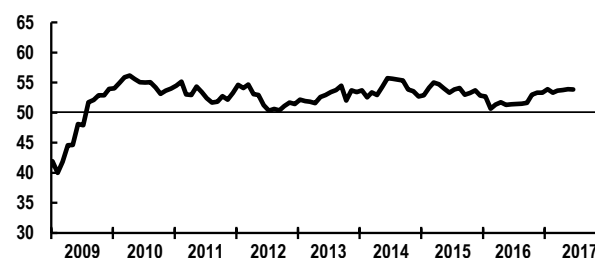
Rates of inflation in input costs and service sector charges ticked higher in June. Moreover, the increase in output prices was the sharpest seen since September 2014. PMI indices for both price measures were higher (on average) in developed markets than in emerging nations.

Commenting on the survey, Joseph Lupton, Global Economist at J.P.Morgan, said:

“June saw the global service sector continue to deliver solid and stable growth. Financial services and business services remain the strongest performers, with output rising at the quickest pace for five years in the former. Activity growth softened at consumer service providers, but stronger inflows of new business in this sector should lead the trend in output to improve in the latter part of the year.”

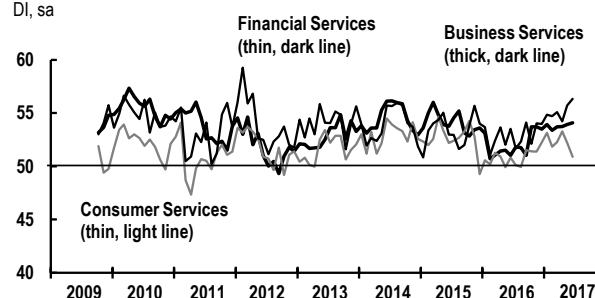
Service sector business activity

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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	May	Jun.	+/-	Summary
Output/Activity	53.9	53.8	-	Growth, slower rate
New Business	54.2	54.4	+	Growth, faster rate
Backlogs of Work	51.2	50.9	-	Rising, slower rate
Input Prices	54.8	55.0	+	Rising, faster rate
Output Charges	51.9	52.0	+	Rising, faster rate
Employment	52.3	52.4	+	Rising, faster rate
Future Activity	65.4	65.5	+	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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