

## News Release

**MARKET SENSITIVE INFORMATION**  
**EMBARGOED UNTIL: 1100 (New York) / 1600 (UTC) January 4<sup>th</sup> 2018**

## J.P.Morgan Global Services PMI™

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

### Growth of global service sector activity improves in December

The end of 2017 saw rates of expansion in global service sector output and new orders tick higher, leading to a further solid increase in staffing levels.

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 – rose to 53.9 in December, up from 53.7 in November. The average index reading over the final quarter of 2017 was identical to the prior quarter, which was the highest since Q2 2015.

*Please note that, due to a later-than-usual release date, December 2017 PMI data for Japan services were not available for inclusion in the latest global PMI numbers.*

The strongest upturn in business activity was registered in the business services category, where the rate of increase accelerated to a four-month high. Growth eased in the consumer and financial services sectors, with the slower pace of expansion in the former.

National PMI data highlighted broad-based growth of business activity, with expansions signalled in almost all of the countries covered. The sole exception was Brazil, which saw output contract for the third straight month.

Rates of growth accelerated in the euro area (80-month high), China (40-month high), the UK (two-month high) and Australia (five-month high). Expansions were also registered in the US and Russia, albeit slower than those seen in November, while India returned to growth following a mild contraction in the prior survey month.

Global service sector employment rose again in December, extending the current sequence of increase to 94 months. Jobs growth reflected improved inflows of new work and rising volumes of outstanding business. Staffing levels increased in the US, the euro area, China, the UK, Russia, Australia and India.

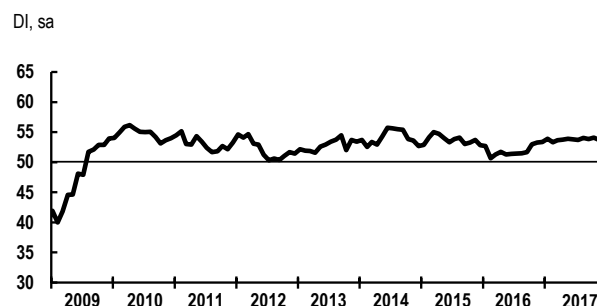
December saw rates of input cost and output charge inflation moderate. For both price measures, increases were (on average) steeper in developed nations compared to those signalled for emerging markets.

Global service providers maintained an optimistic outlook at the end of 2017, forecasting higher output in one year's time. However, the degree of positive sentiment slipped to a 15-month low.

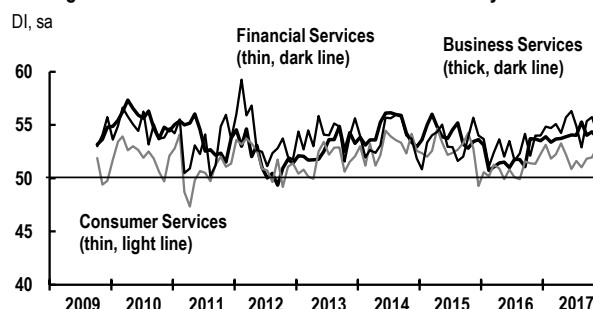
#### Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“According to the global PMI, growth of global services output and new business improved at the end of 2017. The performance over the final quarter was also solid, with business activity rising at a similar pace to the third quarter's recent high. On this positive heading, the sector should maintain its current pace of expansion at the start of 2018.”

#### Service sector business activity



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



#### Global Services PMI™ Summary

50 = no change on prior month.

Index	Nov.	Dec.	+/-	Summary
Output/Activity	53.7	53.9	+	Growth, faster rate
New Business	54.5	54.6	+	Growth, faster rate
Backlogs of Work	50.9	51.0	+	Rising, faster rate
Input Prices	55.4	55.2	-	Rising, slower rate
Output Charges	52.8	52.4	-	Rising, slower rate
Employment	52.7	52.6	-	Rising, slower rate
Future Activity	63.4	63.0	-	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™ 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 <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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