

News Release

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

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

Global economic growth slowed to two-year low in September

September saw a further growth slowdown in the global economy, as rates of output expansion eased in both the manufacturing and service sectors.

The J.P.Morgan Global Composite Output Index^{1,2} – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – fell to a two-year low of 52.8 in September, down from 53.4 in August. The headline index has now remained above the neutral 50.0 mark for 72 consecutive months.

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

Among the nations for which September PMI data were available, economic activity expanded in the US, the euro area, Japan, the UK and Russia. In contrast, the downturn in Brazil continued.

Worldwide manufacturing production rose at the slowest pace since September 2016, constrained by a simultaneous easing in the rate of increase in new orders. The trend in international trade was especially weak, with new export business falling for the first time in over two years.

The service economy fared a little better, with business activity rising at a faster pace than manufacturing production. Output growth at service providers was nonetheless the slowest in almost two years, despite a mild strengthening in inflows of new work.

Global private sector employment increased again in September. The pace of expansion accelerated to its best since December 2007. Job creation was seen in the US, the euro area, Japan and the UK in contrast to further cuts in Brazil and Russia.

Part of the increase in staffing levels reflected efforts to combat rising backlogs of work. Outstanding business expanded for the twenty-sixth successive month, with modest increases signalled at manufacturers and service providers alike.

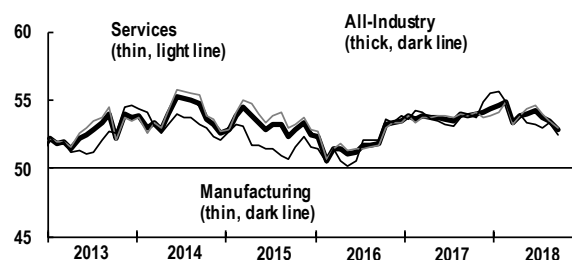
September saw a mild acceleration in the rate of input price inflation. Cost increases strengthened at service providers, whereas manufacturers' purchase prices rose at a slightly slower pace. Output charges increased at the quickest pace since this series began in 2009.

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

“September PMI data signalled a slowdown in the rate of global economic expansion to a two-year low. Signs that output growth at service providers may recover in the coming months are positive, although the deteriorating outlook for international trade may entrench the lacklustre performance of manufacturing. A broad-based recovery in domestic and export demand is needed if global GDP growth is to recover lost momentum later in the year.”

JPMorgan global PMI output

Diffusion Index, sa



Global Composite PMI™

50 = no change on prior month.

Index	Aug	Sep	+/-	Summary
Output	53.4	52.8	-	Expanding, slower rate
New Orders	53.6	53.6	=	Expanding, same rate
Employment	52.4	53.0	+	Rising, faster rate
Input Prices	57.7	57.9	+	Rising, faster rate
Output Charges	53.4	53.9	+	Rising, faster rate
Backlogs	50.6	50.9	+	Rising, faster rate
Future Output	63.4	62.4	-	Positive, lesser extent

Business optimism dropped to its lowest in two years during September, with confidence declining in both the manufacturing and service sectors. The overall degree of positive sentiment remained below its long-run series-average for the fourth month in a row.

Contact Information:

For economics comments, data and technical queries, please call:

IHS Markit

Rob Dobson
Director
Telephone: +44-1491-461-095

Email: rob.dobson@ihsmarkit.com

IHS Markit Press Office

Joanna Vickers
Corporate Communications
Telephone: +44-207-260-2234

Email: joanna.vickers@ihsmarkit.com

J.P.Morgan Chase Bank

David Hensley
Director of Global Economics
Coordination
Telephone: +1-212-834-5516

Email: david.hensley@jpmorgan.com

Notes to Editors:

The Global Composite PMI Report is compiled by IHS Markit based on the results of manufacturing and service sector 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
Australia	1.7%	IHS Markit	Commonwealth bank	www.commbank.com.au
South Korea	1.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Mexico	1.6%	IHS Markit	–	www.ihsmarkit.com
Indonesia	1.3%	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/
Poland	0.7%	IHS Markit	–	www.ihsmarkit.com
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Denmark	0.4%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
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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Czech Republic	0.3%	IHS Markit	–	www.ihsmarkit.com
New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
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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 Composite PMI™ Indices

The Global Composite PMI™ indices are seasonally adjusted with the exception of the Future Output Index. The seasonal adjustment, where applied, is undertaken 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 (“composite”) 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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