

## 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

## Service sector growth slows in February

February PMI data signalled a slight loss of traction in the rate of growth of global service sector business activity. Output continued to expand at a solid pace, but one that eased from January's 17-month high.

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 53.3 in February, down from 54.0 in January, its lowest reading in three months. The headline index also remained below its long-run average, as has been the case throughout the past one-and-a-half years.

*Please note that a later than usual release date meant February 2017 data were not available for Brazil.*

The euro area was the main bright spot in the global service sector during February. Output rose at the fastest pace since May 2011, with rates of expansion accelerating across the 'big-four' eurozone nations.

The US, Japan, the UK, China and Russia saw output growth ease in February. Almost all of these nations also saw slower expansions of new business, the exception being China (which saw new work rise at an identical pace to January). Meanwhile, service sector activity and new business returned to growth in India.

Global service sector new business continued to expand at a solid, albeit slower, rate in February. The upturn in new work led to a slight increase in backlogs and further job creation. Staffing levels have now risen throughout the past seven years, with the latest rate of expansion above the average for this sequence.

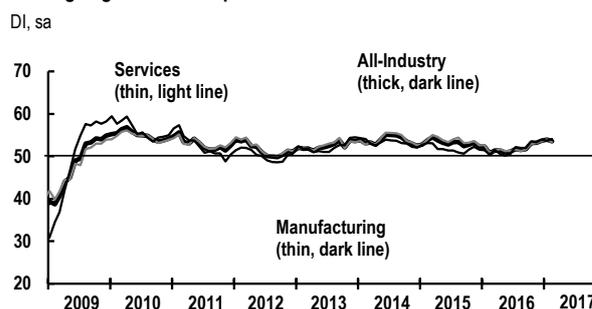
Jobs growth accelerated in Japan, Germany, the UK, France, Spain and Ireland, but eased in the US, China and Russia. India recorded a reduction in staff headcounts for the second time in the past three months.

Input price inflation eased to a three-month low in February, and remained below the long-run average. The rate of increase in output charges was also relatively mild, with the latest survey seeing only a marginal rise in selling prices.

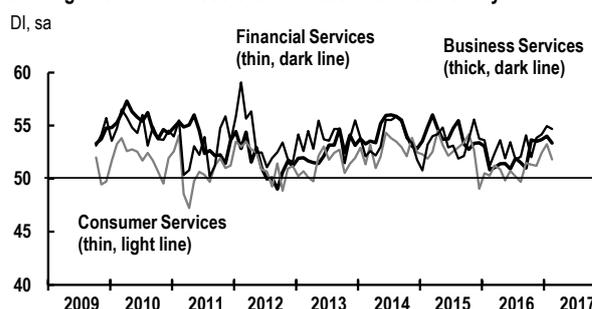
### Commenting on the survey, Joseph Lupton, Senior Economist at J.P.Morgan, said:

"February PMI data indicated that growth of business activity and new orders in the global service sector eased from January's highs. However, with levels of employment and backlogs of work still rising, and business confidence still relatively upbeat, any further slowdown in the coming months will be only mild."

**JPMorgan global PMI output**



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



### Global Services PMI™ Summary

50 = no change on prior month.

Index	Jan.	Feb.	+/-	Summary
Output/Activity	54.0	53.3	-	Growth, slower rate
New Business	54.4	53.7	-	Growth, slower rate
Backlogs of Work	50.8	50.2	-	Rising, slower rate
Input Prices	55.6	54.6	-	Rising, slower rate
Output Charges	51.7	51.0	-	Rising, slower rate
Employment	52.4	52.2	-	Rising, slower rate
Future Activity	65.9	63.4	-	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 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 Markit, in Australia by AiG 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 Markit US Services PMI™ and the ISM non-manufacturing survey. Global services PMI data points after September 2009 include data from the 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 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	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%	Markit	Caixin	<a href="http://www.caixin.com">www.caixin.com</a>
Japan	7.6%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Germany	4.9%	Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
France	3.7%	Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
United Kingdom	3.6%	Markit	CIPS	<a href="http://www.cips.org">www.cips.org</a>
Brazil	3.1%	Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
India	3.1%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Italy	2.7%	Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
Russia	2.2%	Markit	–	<a href="http://www.ihsmarkit.com">www.ihsmarkit.com</a>
Spain	1.9%	Markit	AERCE	<a href="http://www.aerce.org">www.aerce.org</a>
Australia	1.7%	AiG	–	<a href="http://www.aigroup.asn.au">www.aigroup.asn.au</a>
Saudi Arabia <sup>3</sup>	0.9%	Markit	Emirates NBD	<a href="http://www.emiratesnbd.com">www.emiratesnbd.com</a>
UAE <sup>3</sup>	0.5%	Markit	Emirates NBD	<a href="http://www.emiratesnbd.com">www.emiratesnbd.com</a>
Nigeria <sup>3</sup>	0.6%	Markit	Stanbic IBTC Bank	<a href="http://www.stanbicibtcbank.com/">www.stanbicibtcbank.com/</a>
South Africa <sup>3</sup>	0.6%	Markit	Standard Bank	<a href="http://www.standardbank.com">www.standardbank.com</a>
Ireland	0.4%	Markit	Investec	<a href="http://www.investec.co.uk">www.investec.co.uk</a>
Singapore <sup>3</sup>	0.4%	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%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Egypt <sup>3</sup>	0.3%	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%	Markit	Stanbic Bank	<a href="http://www.cfcstanbicbank.co.ke">www.cfcstanbicbank.co.ke</a>
Lebanon <sup>3</sup>	0.1%	Markit	BLOMINVEST Bank	<a href="http://www.blominvestbank.com">www.blominvestbank.com</a>

1 Data from the 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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