

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

Output growth ticks higher despite weaker increase in new orders

The global service sector ended the opening quarter on a slightly firmer footing. Growth of output regained some of the momentum lost in the prior month, leading to a modest improvement in business sentiment.

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 53.6 in March, up from February’s three-month low of 53.1. The index has signalled growth in each of the past 92 months.

Please note that later than usual release dates meant March 2017 data were not available for China or India.

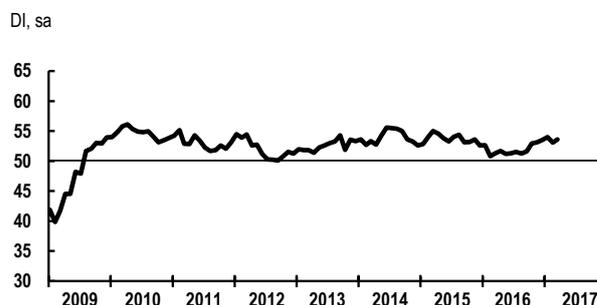
The expansion remained broad-based by sub-sector, with output rising at providers of business, consumer and financial services. All three categories also saw rates of expansion improve, although the fastest increase was again seen at the latter.

Output growth was also registered across the majority of the national service sectors covered by the survey. The euro area remained a bright spot, with output rising at the quickest pace since May 2011. Japan and the UK also saw their respective rates of expansion improve, whereas there was a further mild deceleration in the US. The downturn in Brazil continued, although the rate of contraction eased to the weakest in two years.

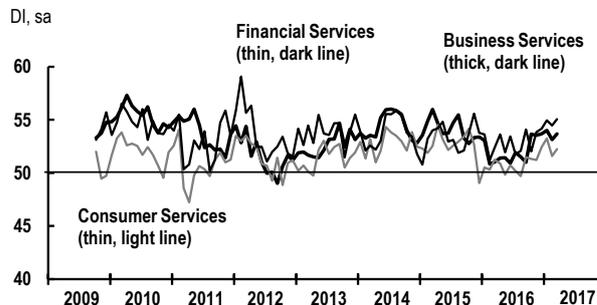
Other near-term indicators from the survey were a little less positive in March. Growth of new business eased to a five-month low, backlog accumulation remained marginal and job creation slipped to its weakest since November of last year. Employment nonetheless continued to rise in the US, the euro area, Japan, the UK and Russia.

Price pressures increased at the end of the opening quarter. March saw cost inflation tick higher from February’s five-month low. The pass-through of higher input prices to clients led to another increase in service sector charges. Output prices rose for the forty-fifth successive month and to a greater extent than in the prior survey period.

Service sector business activity



JPMorgan Global PMI Sectors: Services Business Activity



Global Services PMI™ Summary

50 = no change on prior month.

Index	Feb.	Mar.	+/-	Summary
Output/Activity	53.1	53.6	+	Growth, faster rate
New Business	53.6	53.4	-	Growth, slower rate
Backlogs of Work	50.3	50.6	+	Rising, faster rate
Input Prices	54.5	54.7	+	Rising, faster rate
Output Charges	51.0	51.6	+	Rising, faster rate
Employment	52.1	51.9	-	Rising, slower rate
Future Activity	63.4	64.6	+	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 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)².

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 ²	Producer	In association with	Website
United States ¹ :				
After Sep. 2009	22.2	Markit	–	www.ihsmarkit.com
Before Oct. 2009	22.2	ISM	–	www.ism.ws
China	11.9%	Markit	Caixin	www.caixin.com
Japan	7.6%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	4.9%	Markit	–	www.ihsmarkit.com
France	3.7%	Markit	–	www.ihsmarkit.com
United Kingdom	3.6%	Markit	CIPS	www.cips.org
Brazil	3.1%	Markit	–	www.ihsmarkit.com
India	3.1%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Italy	2.7%	Markit	–	www.ihsmarkit.com
Russia	2.2%	Markit	–	www.ihsmarkit.com
Spain	1.9%	Markit	AERCE	www.aerce.org
Australia	1.7%	AiG	–	www.aigroup.asn.au
Saudi Arabia ³	0.9%	Markit	Emirates NBD	www.emiratesnbd.com
UAE ³	0.5%	Markit	Emirates NBD	www.emiratesnbd.com
Nigeria ³	0.6%	Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.6%	Markit	Standard Bank	www.standardbank.com
Ireland	0.4%	Markit	Investec	www.investec.co.uk
Singapore ³	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Hong Kong ³	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Egypt ³	0.3%	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%	Markit	Stanbic Bank	www.cfcstanbicbank.co.ke
Lebanon ³	0.1%	Markit	BLOMINVEST Bank	www.blominvestbank.com

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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