

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 services output growth eases to 28-month low in January

The start of 2019 saw a further slowing in the rate of expansion of global service sector output. 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 – fell to a 28-month low of 52.6 in January, down from 53.0 in December.

Please note that the back histories of the Global Services PMI time series have been updated to reflect the annual review of the national weights applied to the data.

The consumer services sector was the main drag on the global aggregate, as business activity contracted for the first time since August 2016. There was also a marked slowdown in the rate of output growth at financial services providers to a four-year low. The business services sector was the brightest spot, being the only sub-industry covered to register a faster pace of expansion.

January saw output growth ease (on average) in both developed and emerging nations, slipping to 28- and three-month lows respectively. Service sector activity increased in all except two (France and Italy) nations. The US remained one of the strongest performers, despite seeing its rate of expansion slow slightly. China also saw a solid (albeit slower) increase in output. Rates of expansion were below the global average in the euro area, Japan, the UK, Australia, India and Brazil.

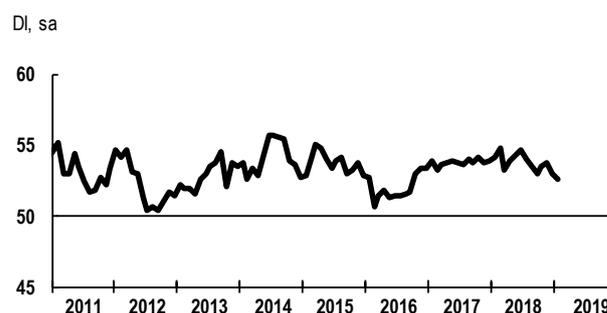
January saw global service sector new business rise to the weakest extent since September 2016. There was also a slight decrease in new export orders. Slower upturns in output and new work were reflected in the labour market, with the rate of job creation slipping to a 21-month low. Employment rose in the US, the euro area, China, Japan, India, Australia and Russia. In contrast, cuts were seen in the UK, Brazil and Italy.

Service providers maintained a positive outlook for the year ahead at the start of 2019, with business optimism improving to a three-month high. The news of the price front was mixed, with January seeing an acceleration of output charge inflation and a slower rate of increase in average costs.

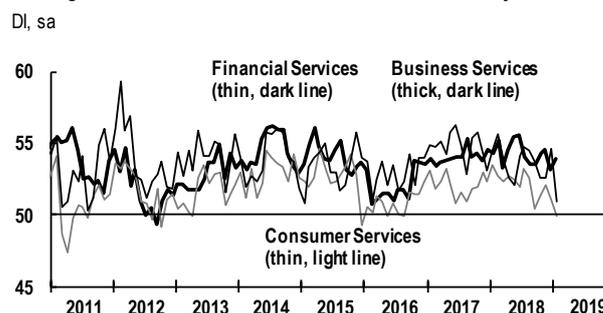
Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“Output growth in the global service sector slowed further in January, as the rate of expansion in new business dipped to a 28-month low. This filtered through to the jobs market, with service sector staffing rising at the weakest pace since April 2017. There may be better news on the horizon, however, as companies’ improved outlook for the coming year may be an early sign that the slowdown is nearing its end.”

Service sector business activity



JPMorgan Global PMI Sectors: Services Business Activity



Global Services PMI™ Summary

50 = no change on prior month.

Index	Dec.	Jan.	+/-	Summary
Output/Activity	53.0	52.6	-	Growth, slower rate
New Business	53.1	52.5	-	Growth, slower rate
New Export Business	50.1	49.8	-	Falling, from rising
Backlogs of Work	49.7	50.0	+	Unchanged, from falling
Input Prices	55.8	54.9	-	Rising, slower rate
Output Charges	52.4	52.6	+	Rising, faster rate
Employment	52.3	51.9	-	Rising, slower rate
Future Activity	62.1	63.1	+	Positive, greater extent

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Notes to Editors:

The Global Report on Services is based on the results of surveys covering over 7,000 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, India, Brazil, Italy, Russia, Spain, Australia, Saudi Arabia, Nigeria, South Africa, the UAE, 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 Composite PMI™ Report.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ :	21.6%			
After Sep. 2009		IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Before Oct. 2009		ISM	–	www.ism.ws
China	12.7%	IHS Markit	Caixin	www.caixin.com
Japan	7.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	4.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
France	3.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
United Kingdom	3.5%	IHS Markit	CIPS	www.cips.org
India	3.3%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Brazil	2.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Italy	2.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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Spain	1.9%	IHS Markit	AERCE	www.aerce.org
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Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.5%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Ireland	0.4%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
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.stanbicbank.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 (2017 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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