News Release

J.P.Morgan

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J.P.Morgan Global Composite PMI™

Global economic growth slows as new orders contract for first time in eight months

Key findings

Global Composite PMI Output Index at 50.5

Manufacturing downturn continues; service sector growth slows

Input costs and output prices rise

Global economic growth remained lacklustre at the end of the third quarter, as output edged higher and intakes of new work contracted for the first time in eight months. There were also signs of further weakness in the coming months, as backlogs of work fell sharply and business optimism dipped to a nine-month low.

The J.P.Morgan Global Composite PMI Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – fell to 50.5 in September, down from 50.6 in August and its lowest reading during the current eight-month sequence of expansion. The latest reading takes the PMI further below the long-run survey average of 53.3.

Note: later release dates meant September data for India manufacturing, India services and South Korea manufacturing were not available for inclusion in the global numbers.

Manufacturing production remained the main drag on overall economic growth, contracting for the fourth month running. Although output rose at consumer goods producers, this was more than offset by declines in the intermediate and investment goods categories.

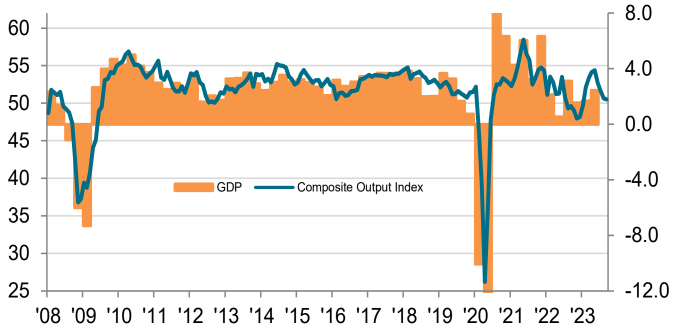
September also saw signs of slowdown in the global services sector, where growth was at an eight-month low. Rates of expansion weakened in the business and consumer services sectors. There was a return to growth at financial service providers, however.

Eight out of the 13 nations for which September composite PMI data were available saw overall output increase. Russia and Kazakhstan were at the top of the growth rankings, while Japan, mainland China and the US also saw expansions. Weakness was largely centred on the euro area, where output fell for the fourth successive month. Germany and France were at the bottom of the PMI rankings. The UK, Italy and Brazil were the other nations to register declines.

The level of new business decreased for the first time in eight months during September. The euro area, the US, the UK and Brazil were among those to witness a contraction, whereas mainland China, Japan and Russia were some of the nations to register expansions. International trade in goods and

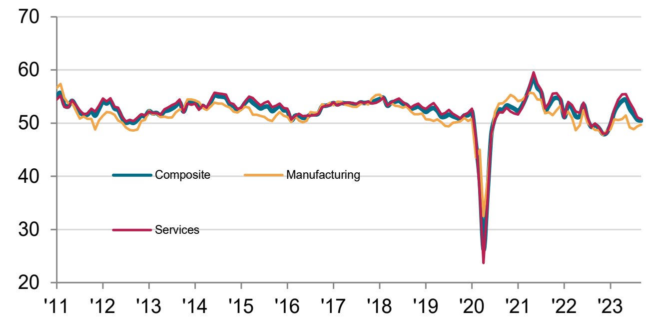
J.P.Morgan Global Composite Output Index
sa, >50 = growth since previous month

Global GDP
%qtr/qtr, annualised



Source: J.P.Morgan, S&P Global Market Intelligence.

Composite Output Index
Manufacturing Output Index
Services Business Activity Index
sa, >50 = growth since previous month



Sources: J.P.Morgan, S&P Global PMI.

Composite Index summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Aug-23	Sep-23	Interpretation
Output	50.6	50.5	Growth, slower rate
New Business	50.1	49.3	Decline, from expanding
New Export Business	47.9	48.1	Decline, slower rate
Future Output*	62.4	61.5	Growth expected, lesser optimism
Employment	51.1	50.9	Growth, slower rate
Outstanding Business	48.0	47.2	Decline, faster rate
Input Prices	57.4	57.5	Inflation, faster rate
Output Prices	53.4	53.6	Inflation, faster rate

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The J.P.Morgan Global Composite PMI™ is produced by S&P Global in association with ISM and IFPSM.

services also remained in the doldrums, as total new export business contracted for the nineteenth month in a row.

September data also pointed to a potential risk of conditions remaining subdued in the coming months. Economic growth was partly sustained through the erosion of work-in-hand, with outstanding business falling at manufacturers and service providers alike. Meanwhile, the outlook for the year ahead was less positive, as business sentiment dipped to a nine-month low and remained below its long-run average.

Slower growth of output and lower intakes of new work led to weaker job creation in September. Employment rose to the least marked extent since January, as an increase at service providers was partly offset by cuts in manufacturing. Mainland China, Japan, Germany and the UK were the nations to reduce employment during the latest survey month.

September saw a slight increase in price pressures, as rates of increase in both input costs and output charges accelerated. That said, the pace of inflation signalled for both measures remained well below the steep rates seen in 2021 and 2022.

Global Services Summary

The J.P.Morgan Global Services PMI Business Activity Index fell to an eight-month low of 50.8 in September. The latest data painted a generally lacklustre image for the sector, with both new and outstanding business declining and another modest round of job creation. Average input costs and prices charged both rose at slightly weaker rates.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said:

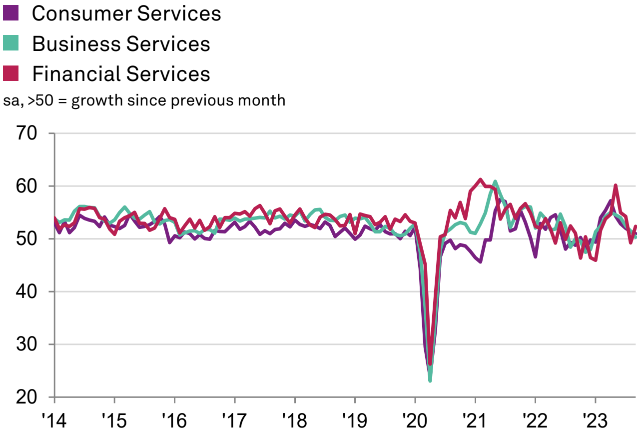
“September saw another disappointing PMI reading for the global economy. The composite activity index ticked down 0.1-point to its lowest level since January. While the levels of the September PMIs remain consistent with global growth around 2%ar, four consecutive monthly declines underscore the downside risks associated with the lagged response to the sharp tightening in monetary policies over the past year. The decline in the all-industry new orders index to a level below the 50-mark adds further to downside risks. Both the manufacturing and services new orders PMIs have fallen below the output PMIs of late, suggesting continued weakness in the coming months. Indeed, the all-industry future output index (looking six months ahead) declined almost a full point in September."

Services Index summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Aug-23	Sep-23	Interpretation
Business Activity	51.1	50.8	Growth, slower rate
New Business	50.8	49.6	Decline, from expanding
New Export Business	50.8	49.2	Decline, from expanding
Future Activity*	63.5	61.8	Growth expected, lesser optimism
Employment	51.2	51.4	Growth, faster rate
Outstanding Business	48.4	47.4	Decline, faster rate
Input Prices	59.7	59.3	Inflation, slower rate
Prices Charged	54.5	54.3	Inflation, slower rate

Business Activity Index



Sources: J.P.Morgan, S&P Global PMI.

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Survey methodology

The J.P.Morgan Global Composite PMI™ is produced by S&P Global in association ISM and IFPSM.

Global composite PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to companies in manufacturing and services survey panels in over 40 countries (see table, right for full coverage), totalling around 27,000 companies. These countries account for 89% of global gross domestic product (GDP)*.

For manufacturing surveys, responses are collected for the following variables: output, new orders, new export orders, future output, backlogs of work, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods, input prices and output prices. For services surveys, responses are collected for the following variables: business activity, new business, new export business, future activity, outstanding business, employment, input prices and prices charged.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each manufacturing and services survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Global indices for manufacturing and services are calculated by weighting together the country indices using national manufacturing and services annual value added*. Global Composite indices are then calculated by weighting together comparable global manufacturing and services indices using global manufacturing and services annual value added*.

The headline figure is the Global Composite Output Index. This is a weighted average of the Global Manufacturing Output Index and the Global Services Business Activity Index.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

The J.P.Morgan Global Composite PMI provides the first indication each month of worldwide economic business conditions. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case. The wide coverage of the indices, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations worldwide.

* Source: World Bank World Development Indicators.

About J.P.Morgan

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of $2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. www.jpmorganchase.com.

About S&P Global

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We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

About ISM

Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Mastery Model®. www.instituteforsupplymanagement.org

About IFPSM

The International Federation of Purchasing and Supply Management (IFPSM) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. IFPSM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices. The term procurement is taken to embrace purchasing, materials management, logistics, supply chain management and strategic sourcing. IFPSM is a non-political, independent and non-profit oriented International Organization. www.ifpsm.org

About PMI

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.

Data sources

Region	Producer	In association with
Australia	S&P Global	Judo Bank
Austria	S&P Global	Unicredit Bank Austria / OPWZ
Brazil	S&P Global	–
Canada	S&P Global	–
China (mainland)	S&P Global	Caixin
Colombia	S&P Global	Davivienda
Czech Republic	S&P Global	–
Egypt*	S&P Global	–
Eurozone	S&P Global	HCOB
France	S&P Global	HCOB
Germany	S&P Global	HCOB
Greece	S&P Global	HPI
Hong Kong SAR[1]*	S&P Global	–
Hungary	HALPIM	–
India	S&P Global	–
Indonesia	S&P Global	–
Ireland	S&P Global	AIB
Israel	IPLMA	Bank Hapoalim Ltd
Italy	S&P Global	HCOB
Japan	S&P Global	au Jibun Bank
Kazakhstan	S&P Global	Tengri Partners
Kenya*	S&P Global	Stanbic Bank
Lebanon*	S&P Global	BLOMINVEST Bank
Malaysia	S&P Global	–
Mexico	S&P Global	–
Myanmar	S&P Global	–
Netherlands (The)	S&P Global	Nevi
New Zealand	Business NZ	Bank of New Zealand
Nigeria*	S&P Global	Stanbic IBTC Bank
Philippines (The)	S&P Global	–
Poland	S&P Global	–
Russia	S&P Global	–
Saudi Arabia*	S&P Global	Riyad Bank
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	HCOB
Switzerland	procure.ch	UBS
Taiwan	S&P Global	–
Thailand	S&P Global	–
Turkey	S&P Global	Istanbul Chamber of Industry
UAE*	S&P Global	–
United Kingdom	S&P Global	CIPS
United States[2]	S&P Global / ISM	
Vietnam	S&P Global	–

*Indices calculated from manufacturing and services responses extracted from survey panels covering the entire private sector economy.

[1]Hong Kong is a Special Administrative Region of China.

[2]US data compiled by ISM pre-February 2010 and by S&P Global post-January 2010.

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