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J.P.Morgan Global Composite PMI®

Global economic growth acceleration pauses in June, as expansions in output and new orders slow

Key findings

Global Composite PMI Output Index at 52.9 in June

Employment rises at fastest pace in a year

New export business decreases

The end of the second quarter saw the global economy expand at a solid pace. Rates of increase in output and new business remained close to the 12-month highs registered in May and jobs growth accelerated to its fastest pace since June 2023.

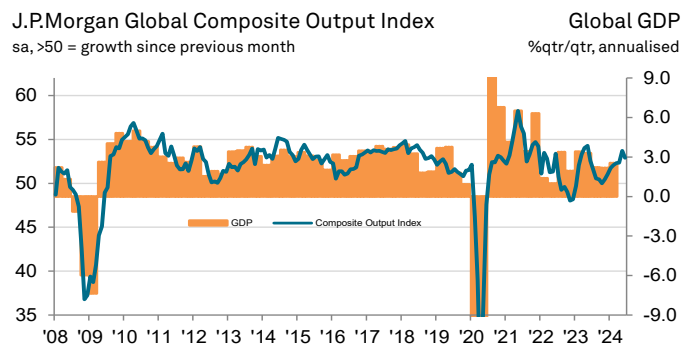
The J.P.Morgan Global Composite PMI® Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – posted 52.9 in June, down from 53.7 in May, as rates of expansion eased for both manufacturing production and service sector business activity. The headline index has signalled expansion for eight months in a row.

Economic activity rose in five out of the six sub-sectors covered by the survey. Output rose at the quickest pace in the financial services category, while solid expansions were also seen in the business services, consumer goods and intermediate goods sectors. The rate of expansion was relatively mild in the consumer services sector, while investment goods producers saw output contract (albeit slightly) for the second time in the past three months.

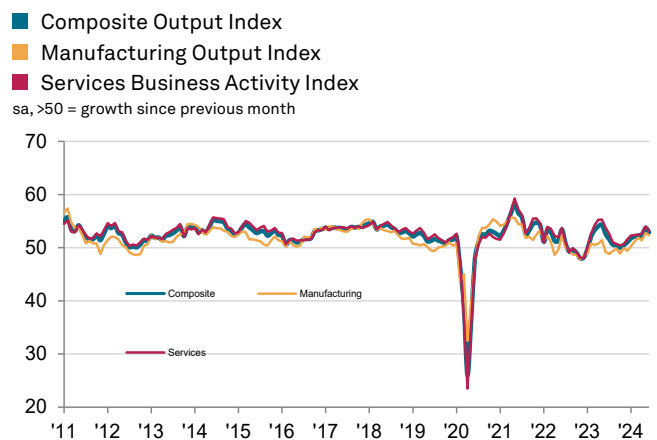
June data saw output expand in 11 out of the 14 nations for which combined manufacturing and services PMI data were available. Growth was registered in the US, China, Germany, India, the UK, Italy, Spain, Brazil, Ireland, Australia and Kazakhstan. Rates of growth picked up in the US, India and Brazil.

The slower rate of global economic growth mainly reflected weaker expansions of output in the eurozone and China along with a fall back into contraction in Japan. France and Russia also registered contractions.

The level of new business rose for the eighth consecutive month in June, and at a rate above the average for that sequence. That said, new order growth eased to a two-month low, in part reflecting a decline in new export orders (following back-to-back increases in April and May). There were also signs that companies were becoming less optimistic in their outlooks for the global economy moving forward, with positive sentiment about activity levels in one year's time dipping to its lowest level since November



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



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 | May-24 | Jun-24 | Interpretation |
|----------------------|--------|--------|----------------------------------|
| Output | 53.7 | 52.9 | Growth, slower rate |
| New Business | 52.7 | 52.0 | Growth, slower rate |
| New Export Business | 50.6 | 49.6 | Decline, from increasing |
| Future Output* | 63.6 | 62.1 | Growth expected, lesser optimism |
| Employment | 50.9 | 51.3 | Growth, faster rate |
| Outstanding Business | 49.8 | 49.8 | Decline, same rate |
| Input Prices | 56.6 | 56.3 | Inflation, slower rate |
| Output Prices | 53.2 | 52.8 | Inflation, slower rate |

2023. Of the six sub-sectors covered by the survey, only the financial services category saw confidence strengthen since May and even this was only to a very slight degree.

June saw global employment rise for the second month in a row, with the pace of jobs growth accelerating to its fastest in a year. Stronger increases in staffing levels were initiated in both the manufacturing and service sectors, with the sharper increase again registered in the latter. Of the nations covered by the survey, only China and Germany saw reductions in staffing levels.

June saw a further solid increase in average input costs, broadly in line with rates of inflation over the past year. While manufacturers' purchase prices rose at the quickest pace since February 2023, service sector costs increased to the weakest extent in over three-and-a-half years.

Part of the increase in input prices was passed on in the form of higher output charges. Average selling prices have risen throughout the past four years. Service providers again registered a steeper rate of increase than manufacturers during the latest survey month.

Global Services Summary

The J.P.Morgan Global Services PMI Business Activity Index posted 53.1 in June, down slightly from 54.0 in May, to signal expansion for the seventeenth consecutive month. The latest increase was underpinned by rising intakes of new work, including modest growth of new export business. Employment rose at the quickest pace in a year. Input price inflation eased to a 44-month low, while output charges also increased at a slower pace.

Services Index summary

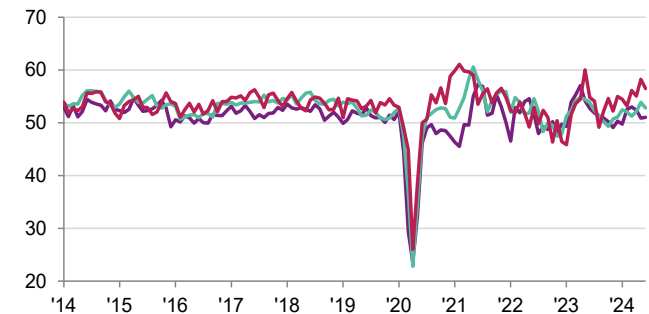
sa, 50 = no change over previous month. *50 = no change over next 12 months.

| Index | May-24 | Jun-24 | Interpretation |
|----------------------|--------|--------|----------------------------------|
| Business Activity | 54.0 | 53.1 | Growth, slower rate |
| New Business | 53.2 | 52.4 | Growth, slower rate |
| New Export Business | 51.0 | 50.6 | Growth, slower rate |
| Future Activity* | 64.2 | 63.1 | Growth expected, lesser optimism |
| Employment | 51.1 | 51.5 | Growth, faster rate |
| Outstanding Business | 49.9 | 50.0 | No change, from declining |
| Input Prices | 57.2 | 56.7 | Inflation, slower rate |
| Prices Charged | 53.8 | 53.0 | Inflation, slower rate |

Business Activity Index

- Consumer Services
- Business Services
- Financial Services

sa, >50 = growth since previous month



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

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said: "The global all-industry output PMI stepped back 0.8-pt to 52.9 in June, with the decline fairly broad based across sectors and regions. Although suggesting some momentum loss at midyear, the index is still consistent with a solid pace of expansion in global GDP. Declines in the new orders and future output PMIs may raise the risk of growth moderating further, but another move up in the employment PMI suggests that underlying fundamentals remain resilient."

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Survey methodology

The J.P.Morgan Global Composite PMI® is produced by S&P Global in association with 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.

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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 | HSBC |
| 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 | – |
| Romania | S&P Global | BCR |
| 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 | – |
| 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.

¹Hong Kong is a Special Administrative Region of China.

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

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