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J.P.Morgan Global Composite PMI™

Global economic growth eases to seven-month low in August

Key findings

Global Composite PMI Output Index at 50.6

Manufacturing downturn continues, service sector growth slows

Europe remains principal weak spot

The rate of global economic expansion lost further momentum in August. Growth slowed for the third month running to its lowest during the current seven-month sequence of increase.

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 50.6 in August, down from 51.6 in July. The headline index has stayed above the no-change mark of 50.0 for seven straight months.

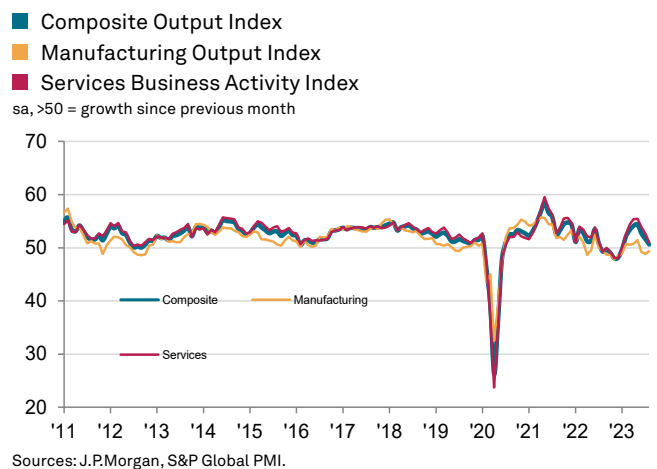
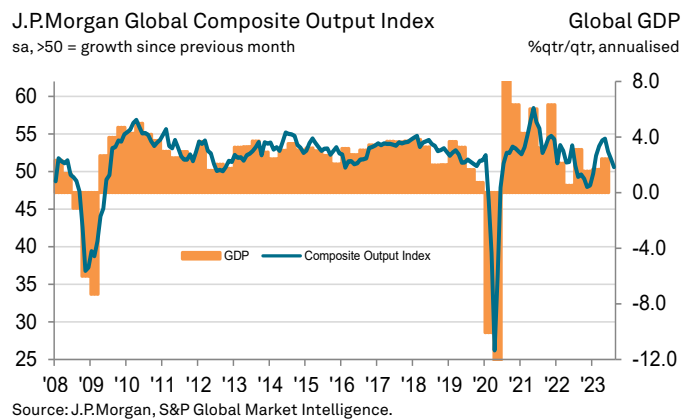
The downturn in manufacturing production extended into a third successive month, but the rate of decline eased slightly. Although service sector business activity continued to rise, the pace of expansion was the weakest since January.

Three out of the six sub-sectors covered by the survey registered expansions in activity during August. However, the rates of growth signalled in the business services, consumer goods and consumer services categories were modest at best. Output fell in the financial services, intermediate goods and investment goods industries, with the steepest downturn in the latter.

Eight out of the 14 nations for which August data were available registered increases in economic activity, with the fastest rates of expansion in India and Russia. Output growth was also seen in Japan, mainland China, Brazil, the US, Kazakhstan and Ireland. Among those nations, rates of increase only improved in Japan and Russia.

Europe remained the main drag on the trend in global output in August. The euro area saw economic activity decrease for the third month running and to the greatest extent since November 2020, with contractions registered across the big-4 EA nations (Germany, France, Italy and Spain). Output also fell in the UK for the first time in seven months. The manufacturing and services sectors in both the euro area and the UK saw contractions.

Inflows of new business edged higher in August, but the rate of expansion slowed to a near standstill. There were reports of weaker conditions in many domestic markets and also a further downturn in international trade volumes. New export



Composite Index summary

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

Index	Jul-23	Aug-23	Interpretation
Output	51.6	50.6	Growth, slower rate
New Business	50.7	50.1	Growth, slower rate
New Export Business	47.8	47.9	Decline, slower rate
Future Output*	61.9	62.4	Growth expected, better optimism
Employment	51.0	51.0	Growth, same rate
Outstanding Business	48.8	47.9	Decline, faster rate
Input Prices	56.2	57.4	Inflation, faster rate
Output Prices	53.7	53.4	Inflation, slower rate

business fell for the eighteenth consecutive month, with India, Russia and Ireland the only nations covered to register increases. Weaker demand was the main factor underlying a further reduction in backlogs of work, the fourth in as many months.

There was better news on the employment and business optimism fronts during August. Job creation has been sustained throughout the past three years, with employment increasing in almost all of the nations covered during the latest survey month (the exceptions being cuts in Italy and Kazakhstan). Meanwhile, the PMI Future Output Index improved from July's seven-month low.

Average input prices rose at the fastest pace for four months in August, reflecting a pick up in cost inflation at service providers and the first rise in manufacturers' purchase prices since April. Although part of the increase costs was passed on to clients, output price inflation was the joint-weakest in over two-and-a-half years.

Global Services Summary

The J.P.Morgan Global Services PMI Business Activity Index posted 51.1 in August, down from 52.7 in July and its lowest level since January.

Underlying the weaker expansion of output was slower growth in incoming new business, which rose to the least marked extent since January. Job creation was similarly slower.

August also saw a mild uptick in input cost inflation. Average output prices also continued to rise, although the rate of increase was the weakest for two-and-a-half years.

Services Index summary

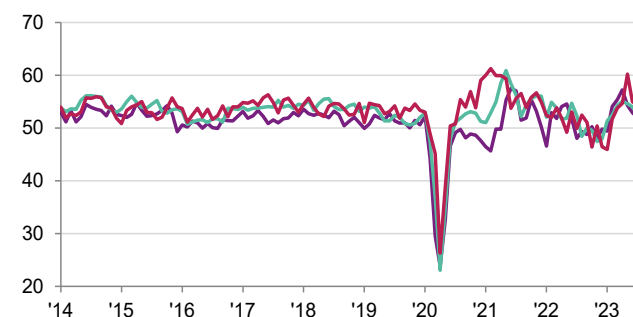
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Jul-23	Aug-23	Interpretation
Business Activity	52.7	51.1	Growth, slower rate
New Business	51.8	50.8	Growth, slower rate
New Export Business	52.2	50.9	Growth, slower rate
Future Activity*	62.2	63.5	Growth expected, better optimism
Employment	51.3	51.2	Growth, slower rate
Outstanding Business	49.6	48.4	Decline, faster rate
Input Prices	58.7	59.7	Inflation, faster rate
Prices Charged	55.1	54.5	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.

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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.

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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. ihsmarkit.com/products/pmi.html.

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	Credit Suisse
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.

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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