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# J.P.Morgan Global Composite PMI™

Including J.P.Morgan Global Services PMI™

## Global economic growth remains solid in November despite slower expansion at service providers

### Key findings

J. P. Morgan Global PMI Composite Output Index at 53.1 in November (53.3 in October)

Manufacturing outperforms services

Business optimism surges to six-and-a-half year high

The global economic upturn continued in November, as output, new orders and employment all rose again. Inflationary pressures were building, however, as rates of increase in input costs and output prices both accelerated.

The J.P.Morgan Global Composite Output Index – which is produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted 53.1 in November, slightly below October's 26-month high of 53.3. The headline index has signalled expansion for five successive months.

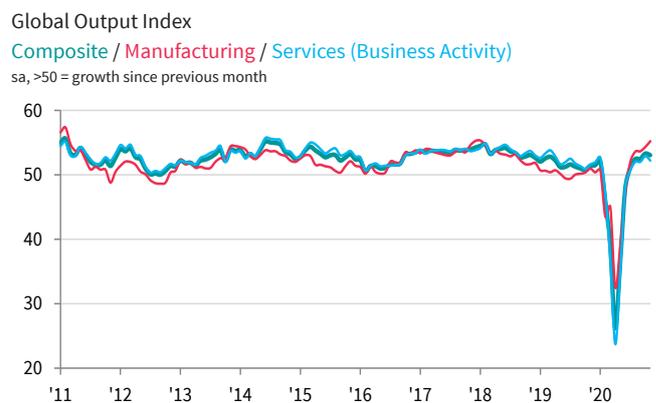
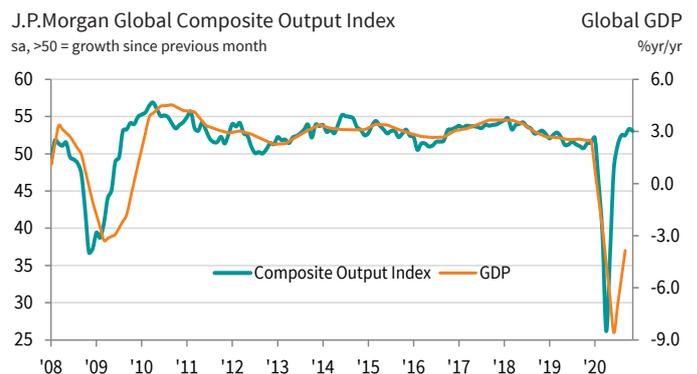
*Notes: due to later-than-usual release dates, manufacturing and services PMI data for Kazakhstan were not available for inclusion in the November global PMI readings.*

November saw the world manufacturing sector outperform its services counterpart to a wider margin. Manufacturing production rose at the fastest rate for 34 months, mainly driven by accelerated growth in China and the US. Meanwhile, global service sector business activity rose at a slightly slower rate than in the prior survey month.

Five of the six sub-sectors covered by the survey registered expansions of output during November. Growth accelerated in the consumer goods and investment goods categories, but slowed in intermediate goods, business services and financial services. Consumer services remained a negative spot, seeing output contract for the tenth month in a row.

National composite PMI data signalled expansions of economic activity in the US, China, Germany, India, Brazil and Australia. Among those territories registering growth, only China and Australia saw their service sectors outperform manufacturing. Contractions in overall activity were seen in Japan, France, the UK, Italy, Spain, Russia and Ireland.

*continued on page 2...*



### Composite Index summary

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

Index	Oct-20	Nov-20	Interpretation
Output	53.3	53.1	Growth, slower rate
New Business	52.7	52.6	Growth, slower rate
New Export Business	50.1	50.5	Growth, faster rate
Future Output*	63.5	67.2	Growth expected, firmer optimism
Employment	50.1	51.7	Growth, faster rate
Outstanding Business	50.1	49.7	Decline, from expanding
Input Prices	54.3	57.5	Inflation, faster rate
Output Prices	51.3	53.4	Inflation, faster rate

The level of incoming new business expanded for the fifth straight month, albeit at a slightly reduced pace. The trend in new export orders also improved, with the volume received rising for the third month in a row. The rebound in demand encouraged companies, leading to a more positive outlook for business activity over the coming year. Optimism rose to a six-and-a-half year high.

November saw employment rise for the third month running and to the greatest extent since April 2019. Job creation was seen in the US, China, Germany, Brazil and Australia. The rate of increase was fastest in the US (series-record high) followed by China (quickest in over a decade). In contrast, there were further job losses in the euro area as a whole, Japan, the UK, India and Russia.

Price inflationary pressure built in the global economy during November, with input prices and output charges both rising at the quickest rates since October 2018.

**Global Services Summary**

The J.P.Morgan Global Services Business Activity Index posted 52.2 in November, down slightly from 52.9 in October. Supporting increased output was a further gain in incoming new orders, despite a further solid drop in new export business. Staffing levels were increased at the quickest pace in 21 months, while business optimism rose to an 80-month high. Input cost and output price inflation both accelerated.

Activity growth was led by strong expansions in the US and China. India, Brazil and Australia also saw increases, in contrast to declines in the euro area, Japan, the UK and Russia. A similar picture was seen for job creation, with growth registered in the US, China, India, Germany, Brazil and Australia.

**Services Index summary**

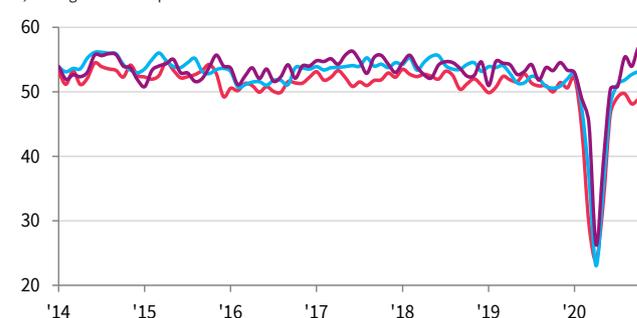
sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Oct-20	Nov-20	Interpretation
Business Activity	52.9	52.2	Growth, slower rate
New Business	51.8	51.6	Growth, slower rate
New Export Business	46.2	46.6	Decline, faster rate
Future Activity*	63.6	68.0	Growth expected, firmer optimism
Employment	50.3	52.4	Growth, faster rate
Outstanding Business	49.5	48.7	Decline, faster rate
Input Prices	53.9	57.5	Inflation, faster rate
Prices Charged	51.0	53.5	Inflation, faster rate

**Business Activity Index**

Consumer services / Business services / Financial services

sa, >50 = growth since previous month



Sources: J.P.Morgan, IHS Markit.

## Methodology

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

Global composite PMI indices are compiled by IHS Markit 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](mailto: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.

## Data sources

Country / territory <sup>1</sup>	Producer	In association with
Australia	IHS Markit	-
Austria*	IHS Markit	Unicredit Bank Austria / OPWZ
Brazil	IHS Markit	-
Canada*	IHS Markit	-
China (mainland)	IHS Markit	Caixin
Colombia*	IHS Markit	Davivienda
Czech Republic*	IHS Markit	-
Denmark*	DILF	Kairoscommodities
Egypt**	IHS Markit	-
France	IHS Markit	-
Germany	IHS Markit	BME
Greece*	IHS Markit	HPI
Hong Kong SAR <sup>1**</sup>	IHS Markit	-
Hungary*	HALPIM	-
India	IHS Markit	-
Indonesia*	IHS Markit	-
Ireland	IHS Markit	AIB
Israel*	IPLMA	Bank Hapoalim Ltd
Italy	IHS Markit	-
Japan	IHS Markit	au Jibun Bank
Kazakhstan	IHS Markit	Tengri Partners
Kenya**	IHS Markit	Stanbic Bank
Lebanon**	IHS Markit	BLOMINVEST Bank
Malaysia*	IHS Markit	-
Mexico*	IHS Markit	-
Myanmar*	IHS Markit	-
Netherlands (The)*	IHS Markit	NEVI
New Zealand*	Business NZ	Bank of New Zealand
Nigeria**	IHS Markit	Stanbic IBTC Bank
Philippines (The)*	IHS Markit	-
Poland*	IHS Markit	-
Russia	IHS Markit	-
Saudi Arabia**	IHS Markit	-
Singapore**	IHS Markit	-
South Africa**	IHS Markit	-
South Korea*	IHS Markit	-
Spain	IHS Markit	AERCE
Switzerland*	procure.ch	Credit Suisse
Taiwan*	IHS Markit	-
Thailand*	IHS Markit	-
Turkey*	IHS Markit	Istanbul Chamber of Industry
UAE**	IHS Markit	-
United Kingdom	IHS Markit	CIPS
United States <sup>2</sup>	IHS Markit / ISM	-
Vietnam*	IHS Markit	-

<sup>1</sup>Survey coverage of manufacturing sector only

<sup>2</sup>Manufacturing and services indices calculated from manufacturing and services responses extracted from survey panels covering the entire private sector economy.

<sup>3</sup>Hong Kong is a Special Administrative Region of China.

<sup>4</sup>US manufacturing data compiled by ISM pre-February 2010 and by IHS Markit post-January 2010. US services data compiled by ISM pre-October 2009 (non-manufacturing data) and by IHS Markit post-September 2009. ISM US non-manufacturing data also include responses from agriculture, mining, construction, utilities, wholesale, retail and public administration sectors. Where appropriate, month-on-month changes in ISM data have been applied to IHS Markit data to form a proxy back history.

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## About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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](http://www.ifpsm.org)

## 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](http://www.instituteforsupplymanagement.org)

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