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J.P.Morgan Global Composite PMI™

Global economic growth gathers momentum at start of quarter two

Key findings

Global Composite Output Index at 16-month high of 54.2

Service sector remains prime growth engine

Job creation strengthens

The start of the second quarter saw a further acceleration in the rate of global economic expansion. Growth of output and new orders hit their highest levels since December 2021 and March 2022 respectively, as job creation and business optimism also strengthened. The upturn in output was again heavily skewed towards the service sector, as conditions remained sluggish in manufacturing.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – rose to 54.2 in April, up from 53.4 in March. The headline index has remained above the neutral 50.0 mark – signalling expansion – in each of the past three months.

Due to a later-than-usual release date for final readings, services and composite PMI numbers for Japan are based on the flash estimates published on 21st April.

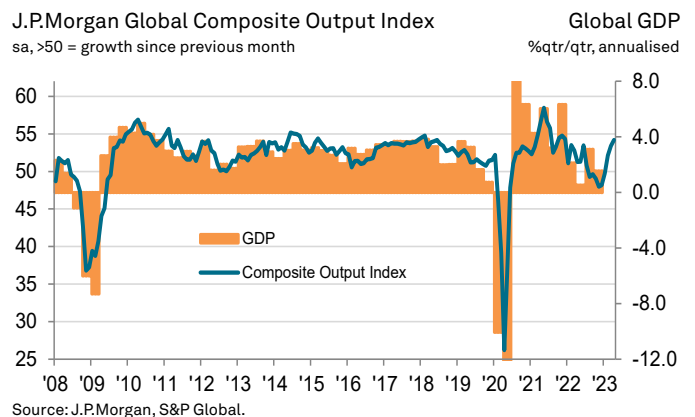
Services activity rose at the quickest pace since November 2021, as growth of new business picked up to a 13-month high. Activity increased at faster rates in the business, consumer and financial service sectors, with all three also seeing gains in new business.

The upturn was relatively subdued in manufacturing, however. Production expanded for the third successive month, but the pace of increase remained only mild. Growth in the consumer and investment goods industries was offset by a downturn in the intermediate goods category.

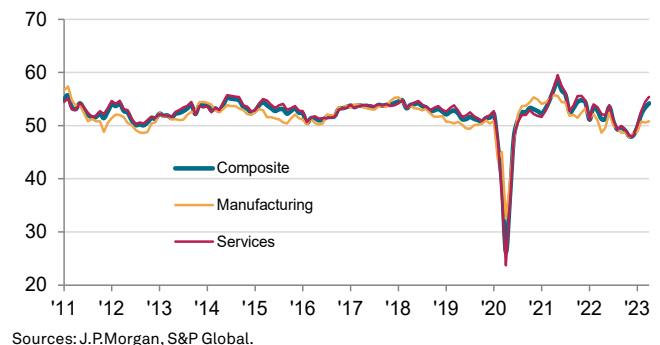
Higher manufacturing output reflected improving supply chains and companies working through backlogs. However, weaker intakes of new work raised the likelihood of manufacturing growth staying soft in the coming months.

All of the 14 nations for which April composite PMI data were available registered an expansion of combined manufacturing and service sector output, the first time concurrent growth has been recorded since June 2022. India, Spain and Italy topped the growth league table. The three largest national economies covered (the US, China and Japan) all performed below the global average.

Jobs growth picked up to a ten-month high in April. The increase was mainly driven by a solid and accelerated increase at service providers, whereas the rise in



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



Composite Index summary

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

Index	Mar-23	Apr-23	Interpretation
Output	53.4	54.2	Growth, faster rate
New Business	52.6	53.2	Growth, faster rate
New Export Business	48.6	49.3	Decline, slower rate
Future Output*	64.1	64.6	Growth expected, better optimism
Employment	51.9	52.3	Growth, faster rate
Outstanding Business	50.4	50.4	Growth, same rate
Input Prices	58.6	58.5	Inflation, slower rate
Output Prices	54.9	55.0	Inflation, faster rate

manufacturing employment was muted in comparison. Job creation was seen in almost all of the nations covered (the exception being Kazakhstan), with faster rates of increase registered in all apart from China (slower growth) and the UK (where an expansion followed no change in March).

Price inflation showed further signs of steadying in April, with rates of increase in input costs and output charges little-changed from the prior survey month. Scratching beneath the surface of the data showed contrasting trends at manufacturers and service providers, however. While the pace of inflation signalled for both price measures eased in manufacturing, accelerations were signalled in the services sector.

April saw business optimism rise to one of its highest levels over the past 14 months, with manufacturers and service providers more firmly set in their forecasts for output to rise over the coming year. Furthermore, the overall degree of positive sentiment remained above its long-run average for the fourth straight month.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index posted 55.4 in April, up from 54.4 in March, to signal growth of service sector business activity for the fourth month in a row. Rates of expansion in output and new orders improved to 17- and 13-month highs respectively.

April saw job creation and business optimism both strengthen. Employment increased at the quickest pace since June 2022, as companies expanded capacity to cope with rising new order intakes, improved overseas demand and combat increased backlogs of work. Rates of inflation in output prices and input costs accelerated.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said: “The message from the April PMIs is that global economic activity continued to gather momentum at the start of the second quarter. Output and new orders rose at accelerated rates, and strength in the employment part of the PMI survey sent a positive signal for job creation and business optimism. The service sector is leading the charge, with the business activity index hitting a 17-month high in April. Manufacturing also continues to make progress following the contractions at the start of the year as supply chains fully normalize and the extreme price pressures from last year fade.”

Services Index summary

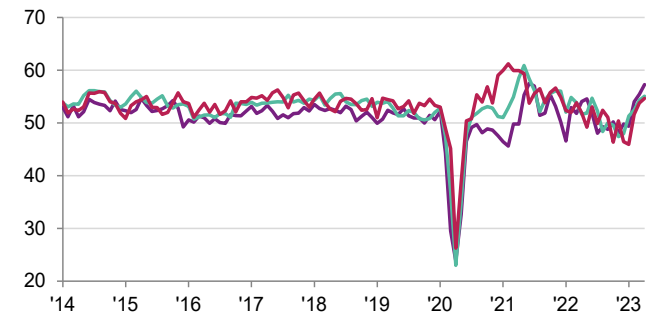
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Mar-23	Apr-23	Interpretation
Business Activity	54.4	55.4	Growth, faster rate
New Business	53.8	54.6	Growth, faster rate
New Export Business	51.7	52.2	Growth, faster rate
Future Activity*	64.7	65.3	Growth expected, better optimism
Employment	52.4	53.0	Growth, faster rate
Outstanding Business	51.5	51.2	Growth, slower rate
Input Prices	60.5	60.7	Inflation, faster rate
Prices Charged	55.6	56.2	Inflation, faster rate

Business Activity Index

- Consumer Services
- Business Services
- Financial Services

sa, >50 = growth since previous month



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

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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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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. 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	–
Denmark	DILF	Kairoscommodities
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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