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J.P.Morgan Global Composite PMI™

Global growth accelerates following upturn in China

Key findings

Output expands at fastest pace in four months

New order growth slows and new export business contracts

Business optimism slips to 21-month low

The rate of global economic expansion accelerated to a four-month high in June. The rebound mainly reflected a revival in China, where an easing of COVID lockdowns underpinned a solid return to growth. However, several survey indicators highlighted the ongoing fragility of the global economic upturn. New order growth eased to a near two-year low, international trade declined and business confidence slumped to its lowest since September 2020.

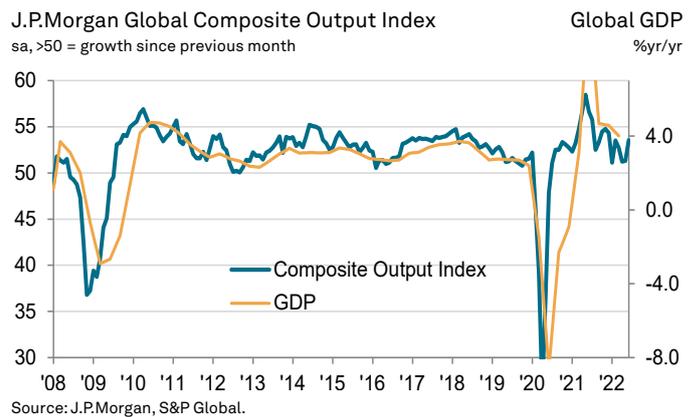
Please note that due to a later-than-usual release date, June manufacturing data for Canada were not available for inclusion in the global numbers.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – posted 53.5 in June, up from 51.3 in May. However, after excluding China from the calculation, the index fell from 53.9 to 53.1, further highlighting how recent volatility in the Chinese economy has impacted global economic trends.

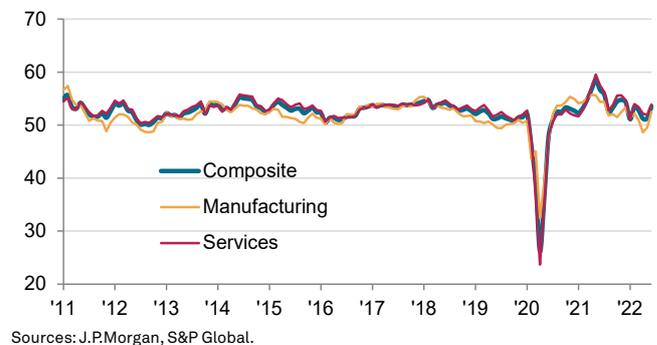
Worldwide manufacturing production returned to growth in June, after back-to-back contractions in April and May. Growth of service sector business activity accelerated to a four-month high. Sub-sector data indicated expansion across the six industries covered by the survey, including returns to growth for the financial services, intermediate goods and investment goods categories. Faster rates of increase were seen in the business services and consumer goods sectors, while growth slowed at consumer services firms.

All 14 of the nations for which Composite Output Index data were available registered expansions in June. Brazil, India and China were the top-three ranked countries. China and Russia returned to growth following recent contractions, and rates of expansion accelerated in Japan, the UK and Brazil. The remaining nations all saw growth decelerations.

Underlying market conditions remained tough at the end of the second quarter. New order intakes rose at the slowest pace since July 2020, with new export business contracting



■ 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	May-22	Jun-22	Interpretation
Output	51.3	53.5	Growth, faster rate
New Business	52.5	51.4	Growth, slower rate
New Export Business	48.6	49.3	Decline, slower rate
Future Output*	64.4	61.2	Growth expected, lower optimism
Employment	53.4	53.1	Growth, slower rate
Outstanding Business	53.3	50.2	Growth, slower rate
Input Prices	71.5	69.3	Inflation, slower rate
Output Prices	61.3	59.7	Inflation, slower rate

for the fourth consecutive month (albeit to the weakest extent during that sequence).

New orders rose in the business services, consumer goods and consumer services sectors, but fell at financial service providers and at producers of intermediate and investment goods. National PMI data signalled rises in China, Japan, the UK, Brazil, India, Russia, Australia and Kazakhstan, no change (on average) across the euro area and decreases in the US and Germany.

Underlying economic weaknesses, heightened risk and continued uncertainties impacted business confidence during June. Optimism surrounding the year-ahead outlook for growth dipped to its lowest level in 21 months. Sentiment eased in the majority of the countries covered, the exceptions being China, Japan, Brazil and Russia.

Global jobs growth also slowed to a four-month low, but remained relatively solid overall. Backlogs of work rose to the weakest extent during the current 16-month sequence of expansion. Price inflationary pressures remained elevated. However, rates of increase for input costs and output prices eased to the lowest since February and January respectively.

Input price inflation eased in all six of the sub-sectors covered by the survey. Weaker output charge increases were also signalled in five, the sole exception being steeper selling price inflation at consumer goods producers.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index posted a four-month high of 53.9 in June, up from 51.9 in May. However, inflows of new work continued to taper, with new order growth easing to a 17-month low. Backlogs of work rose only marginally as a result. Business optimism fell to a 21-month low.

Employment rose for the sixteenth month running in June. Although the rate of jobs growth was the weakest since February, it remained above the survey average. Inflation of input costs and output prices stayed elevated, despite easing since May.

Services Index summary

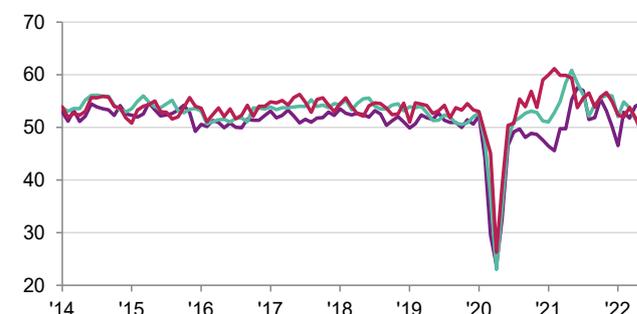
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	May-22	Jun-22	Interpretation
Business Activity	51.9	53.9	Growth, faster rate
New Business	53.0	51.9	Growth, slower rate
New Export Business	50.9	48.5	Decline, from expanding
Future Activity*	65.7	61.9	Growth expected, lower optimism
Employment	54.0	53.7	Growth, slower rate
Outstanding Business	53.5	50.3	Growth, slower rate
Input Prices	71.9	69.5	Inflation, slower rate
Prices Charged	61.2	59.4	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.

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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 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	-
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	Kairos commodities
Egypt*	S&P Global	-
France	S&P Global	-
Germany	S&P Global	BME
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	-
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	-
Singapore*	S&P Global	-
South Africa*	S&P Global	-
South Korea	S&P Global	-
Spain	S&P Global	AERCE
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 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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