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J.P.Morgan Global Composite PMI®

Global economic activity stalls as new business intakes register back-to-back contractions

Key findings

Global Composite PMI Output Index at 50.0

Services slowdown continues; downturn at manufacturers

Business optimism dips to ten-month low

Worldwide economic activity stagnated in October, as both the downturn in manufacturing and growth slowdown in services continued. 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 50.0 in October, its lowest reading since January.

Note: data for the services and composite global PMI surveys have been revised from December 2012 onwards. This reflects the inclusion of data from the recently launched Canada Services PMI and also previously unavailable data for September 2023.

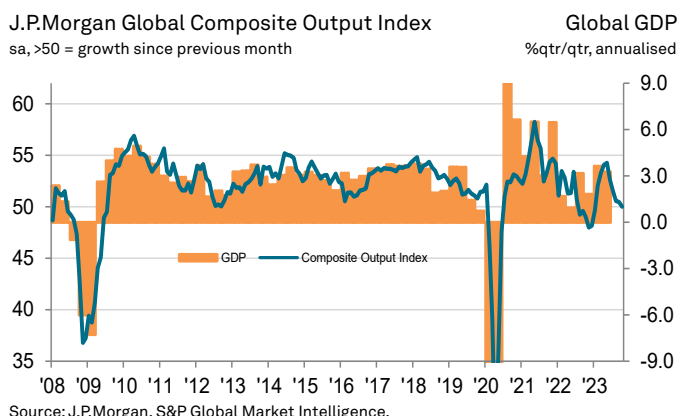
Manufacturing output decreased for the fifth successive month in October, as ongoing downturns at intermediate and investment goods producers more than offset further growth in the consumer goods category.

The rate of expansion in the service sector meanwhile slowed for the fifth month running in October. Business services activity fell for the first time in ten months, while consumer services output rose only slightly and to the weakest extent during the current nine-month sequence of expansion. Financial services was a brighter spot, registering the fastest growth of business activity since June.

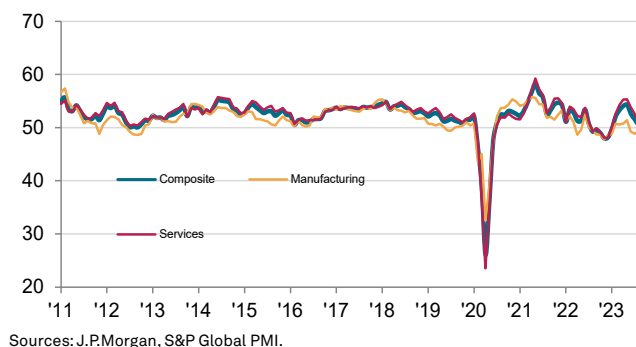
Six out of the 15 nations for which October Composite Output PMI data were available saw expansions, led by India and Russia. Growth was also registered in the US, Japan, Brazil and Kazakhstan. Weakness was therefore mainly centred on Europe, with Germany, France, the UK, Italy and Ireland all seeing contractions, while output stagnated in Spain. Meanwhile there was also no change in economic activity in mainland China.

October saw the level of new business contract for the second successive month, with downturns signalled in both the manufacturing and service sectors. Five out of the six narrow sub-industries covered saw a decrease in new order intakes, the exception being financial services. The trend in international trade also remained negative, with new export business falling for the twentieth month in a row.

October saw the rate of job creation ease to a nine-month low. Although service sector employment continued to



■ 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	Sep-23	Oct-23	Interpretation
Output	50.5	50.0	No change, from expanding
New Business	49.5	49.3	Decline, faster rate
New Export Business	48.0	48.0	Decline, same rate
Future Output*	62.1	61.4	Growth expected, lesser optimism
Employment	50.7	50.5	Growth, slower rate
Outstanding Business	47.6	48.6	Decline, slower rate
Input Prices	57.5	56.4	Inflation, slower rate
Output Prices	53.6	53.0	Inflation, slower rate

rise, manufacturing staffing levels fell for the second successive month and at the quickest pace in over three years. Employment rose in the US and Japan (among others), was unchanged on average across the euro area but fell in mainland China and the UK.

Signs of spare capacity were seen again in the global economy during October, suggesting that the trend in employment could weaken further in the coming months. Both the services and manufacturing sectors registered further reductions to backlogs of work, mainly reflecting weaker new order intakes. The recent slowdown and stagnation of the global economy also filtered through to the trend in business optimism, which fell to a ten-month low.

Price inflationary pressures eased in October, with rates of increase in both input costs (three-month low) and output charges (weakest since December 2020) slowing. Developed nations (on average) registered steeper rates of inflation for both price measures compared to those indicated for emerging markets.

Global Services Summary

The J.P.Morgan Global Services PMI Business Activity Index posted 50.4 in October, down from 50.7 in September. Although the index stayed above the neutral mark of 50.0, signalling expansion, the rate of growth was the weakest during the current nine-month upturn. The slowdown reflected weaker new order intakes, falling backlogs of work and declining business optimism. Employment rose again, but the rate of job creation was unchanged from September's eight-month low. Inflation of input costs and output prices both eased further.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said: "The October PMIs delivered disappointing news on momentum in the global expansion. The global composite PMI continued the downward trend seen over recent months, retreating to a level of 50.0. The October drop marked the fifth consecutive monthly decline in the output index. The weakness was again centered on the European continent, although signs of a downshift in China and the rest of Asia will also weigh on conditions moving forward."

Services Index summary

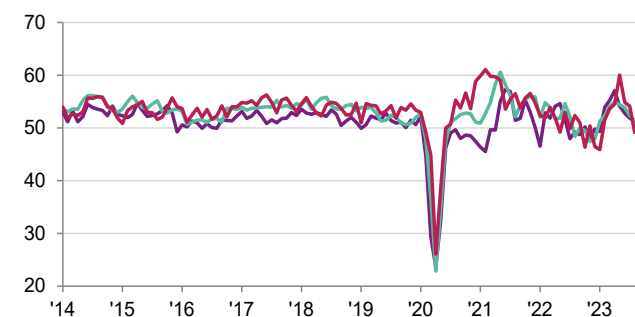
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Sep-23	Oct-23	Interpretation
Business Activity	50.7	50.4	Growth, slower rate
New Business	49.8	49.6	Decline, faster rate
New Export Business	49.1	49.9	Decline, slower rate
Future Activity*	62.7	62.5	Growth expected, lesser optimism
Employment	51.1	51.1	Growth, same rate
Outstanding Business	47.8	49.2	Decline, slower rate
Input Prices	59.3	57.6	Inflation, slower rate
Prices Charged	54.3	53.6	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.

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.

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	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	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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