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J.P.Morgan Global Composite PMI™

Global economic activity declines for second successive month in September

Key findings

Global economic downturn eases

US downturn slows and Japan returns to growth

Input cost inflation at one-and-a-half year low

September saw the level of global economic activity contract for the second successive month, as output fell more quickly than manufacturers but stabilised at service providers. However, the rate of overall decline eased slightly since August, reflecting a marked easing in the downturn in the US and return to growth in Japan.

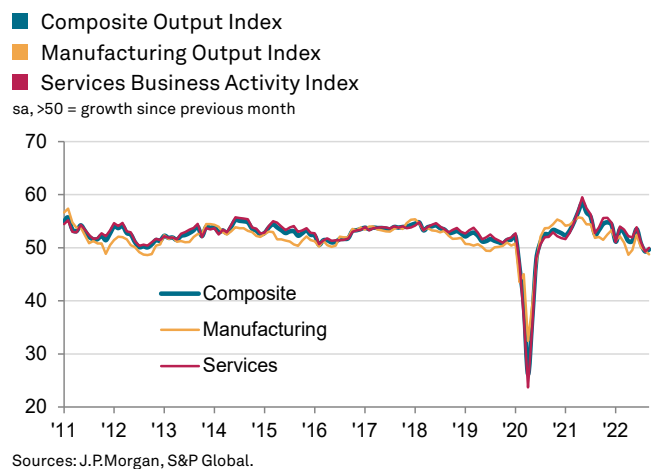
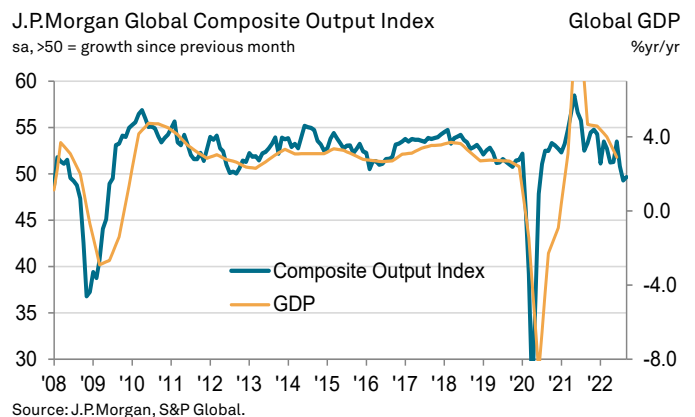
Please note that due to later-than-usual release dates, September data for South Korea manufacturing, China services and India services were not available for inclusion in the global numbers.

The J.P.Morgan Global Composite Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – posted 49.7 in September, up from August's 26-month low of 49.3. Three out of the six sub-sectors covered registered contractions – consumer services, intermediate goods and investment goods – with the first two also seeing steeper rates of decrease than during the prior survey month. Growth was recorded in the consumer goods, business services and financial services categories, with the fastest rate of expansion in the latter.

National PMI data highlighted downturns in the US, the euro area (with only France among the big-four EA economies to see expansion) and the UK. Output rose in Japan, Brazil, Russia and Australia.

The level of incoming new business was unchanged during September, as a further decrease in manufacturing was offset by a modest increase at service providers. The trend in new export orders remained a drag on overall new work intakes, declining at the steepest pace since June 2020. Decreases were seen in both the manufacturing and service sectors, with the sharper downturn in the former. The US, the euro area, Japan, the UK and Brazil were among the larger economies to see new export business fall.

Global employment increased for the twenty-fifth successive month in September, with jobs added in both the manufacturing and service sectors. Workforce levels



Composite Index summary

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

Index	Aug-22	Sep-22	Interpretation
Output	49.3	49.7	Decline, slower rate
New Business	49.8	50.0	No change, from declining
New Export Business	47.3	46.4	Decline, faster rate
Future Output*	61.7	61.7	Growth expected, unchanged optimism
Employment	51.6	51.8	Growth, faster rate
Outstanding Business	48.5	49.4	Decline, slower rate
Input Prices	64.8	64.3	Inflation, slower rate
Output Prices	56.9	56.8	Inflation, slower rate

rose in the US, the euro area and Japan among others. Part of the increase reflected efforts to fill staff vacancies that developed during the steep rebound in activity as pandemic restrictions loosened. Increased capacity contributed to a further decrease in work-in-hand volumes, which fell for the third successive month.

Rates of inflation for input costs and output charges eased for the fifth straight month in September, with both price measures signalling the least marked increases for one-and-a-half years. That said, the rates of inflation stayed well above their long-run averages.

Business optimism was unchanged from August's three-month high during September. Confidence levels were generally weaker in manufacturing sub-sectors compared to their service industry counterparts, however.

Global Services Summary

The J.P.Morgan Global Services Business Activity Index posted 50.0 in September, up from 49.3 in August, to signal a stabilisation of output levels following a contraction in the prior survey month.

Service providers saw a further modest increase in incoming new orders, despite the level of new export business continuing to decline. Employment rose for the nineteenth month in a row, contributing to another decrease in outstanding business. Backlogs of work fell for the third month in a row, albeit only slightly.

September saw rates of increase in input costs and output charges ease further, to 11- and 13-month lows respectively.

Services Index summary

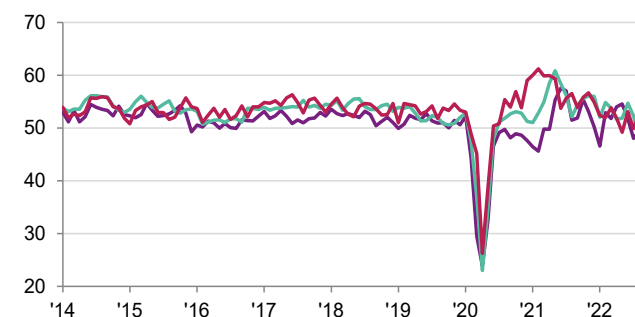
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Aug-22	Sep-22	Interpretation
Business Activity	49.3	50.0	No change, from contracting
New Business	50.3	50.8	Growth, faster rate
New Export Business	48.1	48.1	Decline, unchanged rate
Future Activity*	62.3	63.1	Growth expected, better optimism
Employment	52.1	52.1	Growth, unchanged rate
Outstanding Business	48.3	49.6	Decline, slower rate
Input Prices	66.2	65.5	Inflation, slower rate
Prices Charged	57.0	56.9	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.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said:

“The September PMIs signaled sluggishness in global economic activity, as the downturn in the industrial sector continued and service sector activity remained subdued. There were some positive developments in the surveys, however, as the labor market showed resilience. The pricing data show modest easing in inflationary pressure, which should provide some welcome respite from the ongoing purchasing power squeeze in the months ahead.”

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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 ISM

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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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