News Release

J.P.Morgan

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J.P.Morgan Global Composite PMI™

Growth of global economic activity at 18-month high as service sector upturn remains solid

Key findings

Global Composite Output Index rises to 54.4

Output growth strengthens in manufacturing and services

Price pressures ease further

May saw the rate of expansion in global economic activity accelerate to a one-and-a-half year high, largely driven by the continued vibrancy of the services sector. Companies reported a further upswing in new order intakes, leading to continued business optimism and solid job creation.

The J.P.Morgan Global Composite PMI Output Index – produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – rose to 54.4 in May, up from 54.2 in April, to signal expansion for the fourth month in a row.

The service sector outperformed manufacturing again during May, with growth of services activity accelerating to its best since November 2021. Although growth of manufacturing production was subdued in comparison, the rate of expansion still improved to an 11-month high.

All six of the sub-sectors covered by the survey – business services, consumer goods, consumer services, financial services, intermediate goods and investment goods – registered output growth in May. The quickest rate of expansion was in the financial services category and the weakest at investment goods producers.

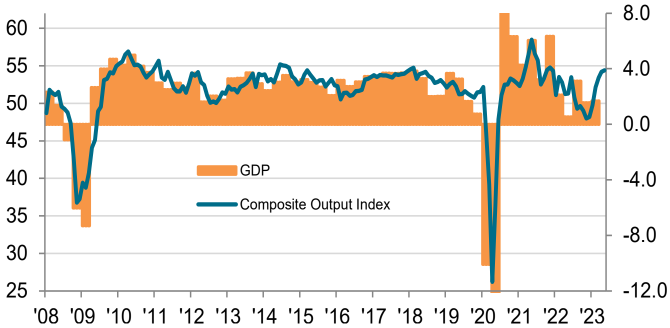
National PMI data signalled a broad-based upturn in economic activity. All 13 of the countries for which combined manufacturing and services PMI data were available for saw output increase during May. India and mainland China were at the top of the global PMI growth rankings. The US, Japan and China were some of the nations seeing faster rates of expansion, whereas upturns weakened in the euro area and the UK.

Growth of new business accelerated to a 14-month high in May. The trends at manufacturers and service providers diverged noticeably, however, with the former seeing new work intakes contract and the latter registering solid growth. A similar disparity was seen for new export orders, as a series-record high increase in the service sector was partly offset by a faster decline in manufacturing.

Although companies' outlooks for the coming year remained positive in May, the overall degree of optimism dipped to a five-month low. Positivity levels eased at manufacturers and

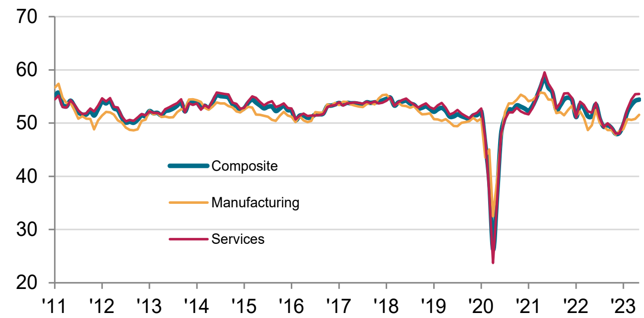
J.P.Morgan Global Composite Output Index
sa, >50 = growth since previous month

Global GDP
%qtr/qtr, annualised



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

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



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

Composite Index summary

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

Index	Apr-23	May-23	Interpretation
Output	54.2	54.4	Growth, faster rate
New Business	53.2	53.8	Growth, faster rate
New Export Business	49.3	48.8	Decline, faster rate
Future Output*	64.6	63.8	Growth expected, weaker optimism
Employment	52.3	52.0	Growth, slower rate
Outstanding Business	50.4	48.9	Decline, from increasing
Input Prices	58.5	56.7	Inflation, slower rate
Output Prices	54.9	54.4	Inflation, slower rate

PMI™ by S&P Global

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

service providers alike. The rate of job creation stayed close to April's ten-month high, with staffing levels rising in almost all of the nations covered (the exception being mainland China).

May data signalled further increases in both input costs and output charges. That said, rates of inflation continued to ease, reaching a 31-month low for the former and a 27-month low for the latter. Manufacturers saw declines in both price measures, while service providers saw rates of increase ease.

Global Services Summary

Global service sector growth continued to strengthen in May, with rates of expansion in output and new orders both gathering pace.

At 55.5 in May, up from 55.4 in April, the J.P.Morgan Global Services PMI Business Activity Index signalled that the rate of expansion reached a one-and-a-half year high. Output increased in all of the national services economies covered, including growth upticks in many (including the US, China, Japan and Germany). Growth of new business was the best registered since July 2021.

May saw the fastest rate of expansion in new export business since data for this series were first collected in September 2014. Trends in new export orders strengthened in the US, Japan, the UK, India and Brazil, whereas growth slowed in both the euro area and China.

Price pressures edged lower in May, with rates of increase in both input costs and selling prices easing slightly. Job creation was sustained and business optimism remained elevated. Backlogs of work fell for the first time in four months.

Comment

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

“The global composite PMI rose by 0.2-points to 54.4 in May, an 18-month high for the series. New orders also strengthened. While pace of improvement in the services sector moderated in May, a wide disparity still remains between the lackluster performance of the manufacturing sector and strength in the service sector. The latest surveys flagged a slowing in the pace of hiring, with the composite employment PMI moving down 0.3-point.”

Services Index summary

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

Index	Apr-23	May-23	Interpretation
Business Activity	55.4	55.5	Growth, faster rate
New Business	54.6	55.4	Growth, faster rate
New Export Business	52.1	53.8	Growth, faster rate
Future Activity*	65.3	64.8	Growth expected, weaker optimism
Employment	53.0	52.7	Growth, slower rate
Outstanding Business	51.2	49.8	Decline, from increasing
Input Prices	60.7	59.5	Inflation, slower rate
Prices Charged	56.2	56.1	Inflation, slower rate

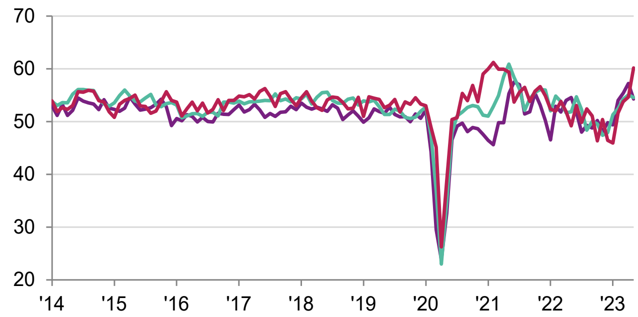
Business Activity Index

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 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.

About S&P Global

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

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

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.

[1]Hong Kong is a Special Administrative Region of China.

[2]US data compiled by ISM pre-February 2010 and by S&P Global post-January 2010.

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