News Release

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J.P.Morgan Global Composite PMI®

Global growth accelerates as solid service sector expansion offsets manufacturing weakness

Key findings

Global Composite PMI Output Index rises to 52.8 in August

Growth of new order intakes strengthens

Input costs and selling prices rise again

August PMI data from across the world pointed to a widening disparity between the manufacturing and service sectors. Service providers saw an accelerating upturn, with activity levels rising at one of the fastest rates since mid-2023. In contrast, conditions in the manufacturing sector deteriorated further, with output, new orders and employment all contracting.

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 52.8 in August, up from 52.5 in July and above the neutral 50.0 mark for the tenth month in a row.

Of the 15 nations for which August PMI data were available, only three registered declines in combined manufacturing and services activity. The exceptions were downturns in Germany and Canada, and a stagnation in Kazakhstan. India saw the strongest growth overall, followed by the US. Rates of expansion were relatively mild in China and the euro area as a whole.

Twelve of the nations covered (the exceptions being the UK, Canada and Kazakhstan) saw their service sector outperform manufacturing in August. The difference of 3.9pts between the Global Services Business Activity Index (53.8) and the Global Manufacturing Output Index (49.9) was the widest in favour of services since June 2023.

Global service sector output increased for the nineteenth consecutive month in August, supported by the steepest gains in new business since June 2023. Financial services remained the strongest performing sub-sector, despite seeing activity growth ease sharply to its weakest since February. Business services activity rose at the fastest pace in 16 months, whereas consumer service providers saw activity stagnate following a six-month sequence of expansion.

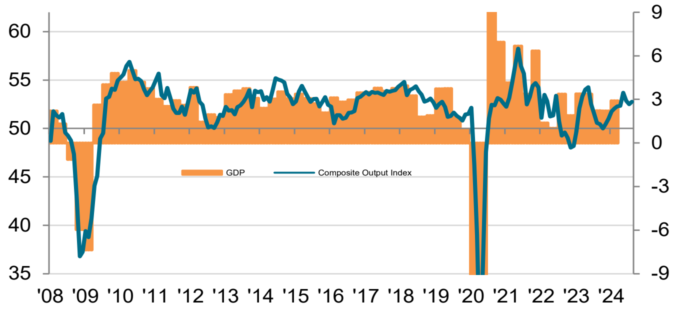
Signs of weakness continued to build in the manufacturing sector, however, with production and new order volumes both contracting. Mild contractions in the intermediate and investment goods categories were only partly offset by a slight increase in consumer goods output.

J.P.Morgan Global Composite Output Index

sa, >50 = growth since previous month

Global GDP

%qtr/qtr, annualised



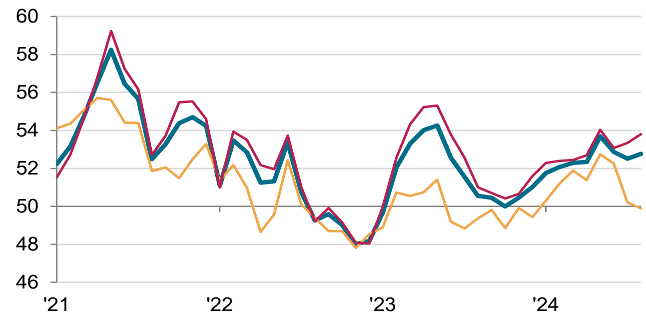
Source: J.P.Morgan, S&P Global PMI, S&P Global Market Intelligence.

Composite Output Index

Manufacturing Output Index

Services Business Activity Index

sa, >50 = growth since previous month



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

Composite Index summary

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

Index	Jul-24	Aug-24	Interpretation
Output	52.5	52.8	Growth, faster rate
New Business	51.8	52.1	Growth, faster rate
New Export Business	49.6	48.9	Decline, faster rate
Future Output*	61.9	62.1	Growth expected, better optimism
Employment	51.3	49.9	Decline, from increasing
Outstanding Business	49.4	48.7	Decline, faster rate
Input Prices	57.0	56.6	Inflation, slower rate
Output Prices	52.6	52.3	Inflation, slower rate

The J.P.Morgan Global Composite PMI® is produced by S&P Global in association with ISM and IFPSM.
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Global employment edged lower in August, the first job losses signalled by the survey since April. The US, China and the euro area were among those to register cuts, whereas Japan, the UK, India and Brazil were some of the nations to see increased staffing. Employment was reduced in three of the six sub-industries covered (business services, consumer goods and intermediate goods). Increases were seen in the consumer services and investment goods categories and no change at financial service providers.

Average input costs and output charges both rose again during August, albeit at slightly weaker rates than in the prior survey month. Increases signalled by price measures were higher (on average) in developed nations compared to emerging markets.

Although business optimism improved slightly in August, the overall degree of positive sentiment was among the weakest so far during 2024. Confidence rose slightly at service providers, but edged lower in the manufacturing sector.

Global Services Summary

The J.P.Morgan Global Services PMI Business Activity Index rose to 53.8 in August, up from 53.3 in July and its highest level since May. Output has now increased in each of the past 19 months, supported through most of this sequence by rising new order intakes. The level of new export business also improved for the eighth consecutive month. Employment was unchanged compared to one month ago.

Average input prices rose again in August, with the rate of inflation remaining solid overall. Part of the increase was passed on to clients, leading to a further rise in output charges.

Comment

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

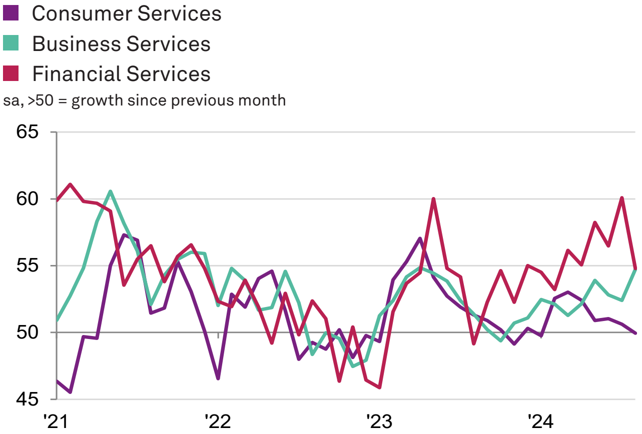
“A 0.5-pt rise in the global services activity PMI lifted the J.P. Morgan global composite PMI 0.3-pt to 52.8 in August. At this level, the index points to a strong pace of global growth at around 3%ar. However, a widening imbalance across regions and sectors continues to raise concerns. A 1.3-point drop in the composite employment PMI is another concerning development, particularly given that we are already seeing signs of easing in labor market pressures."

Services Index summary

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

Index	Jul-24	Aug-24	Interpretation
Business Activity	53.3	53.8	Growth, faster rate
New Business	52.8	53.3	Growth, faster rate
New Export Business	50.6	50.7	Growth, faster rate
Future Activity*	62.5	62.8	Growth expected, better optimism
Employment	51.7	50.0	No change, from increasing
Outstanding Business	49.7	49.0	Decline, faster rate
Input Prices	57.7	57.1	Inflation, slower rate
Prices Charged	53.1	52.5	Inflation, slower rate

Business Activity Index



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 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

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.

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	HSBC
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	–
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	–
Romania	S&P Global	BCR
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	–
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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