

JPMorgan Global PMI

Global Report on Services

Produced by JPMorgan and NTC Research in association with ISM and IFPMM

Substantial growth of service sector activity and new business continued in February, supporting modest increase of employment.

Expansion of the global service economy was recorded for the eleventh successive month in February. The **Global Services Business Activity Index** registered 59.3, edging lower from 60.3 in January, but remaining markedly above the no-change mark of 50.0. Underpinning the current period of sustained activity growth has been a concurrent rise in the volume of incoming new orders.

The latest data suggested that growth of business activity had been widespread in February, with all of the nations for which services PMI data were collected reporting a rise in output. The principal engine of growth was the US, which reported the strongest expansion of all nations. The European service economies all recorded positive performances, with the sharpest increase of output in the UK. However, the rate of expansion eased in all except one of the European nations (Spain). Meanwhile, the other regions covered by the survey – Russia, Hong Kong and Australia – all reported marked growth of service sector activity during February.

The **Global Services New Business Index** registered 58.7 in February, a figure indicative of robust expansion of new business. However, after falling by 2.8 points from 61.5 in January, the Index pointed to slower growth than one month earlier. The US and the UK recorded the strongest expansions of incoming new orders, with the UK seeing a slight pick up in growth and the US a modest easing. Growth of new business was robust in all of the other regions covered by the survey, although the rate of increase in Germany remained below that of the other nations.

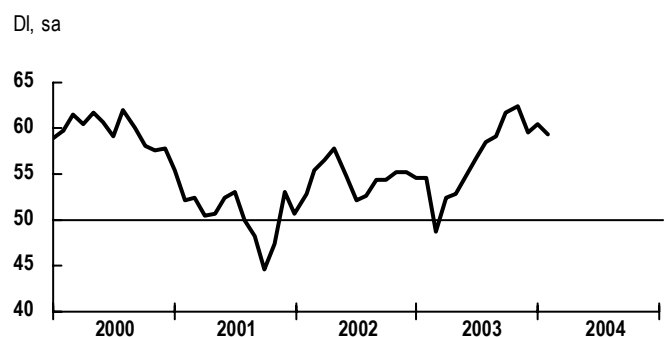
Growth of business activity in recent months has increased the willingness of many service providers to raise employment. The **Global Services Employment Index** posted 52.6 in February, up from 51.6 in January, to record an increase in staffing for the fifth successive month and point to slightly stronger growth than one month earlier.

The volume of outstanding business increased for the eighth month running in February. The **Global Services Backlogs of Work Index** posted 51.5, from 51.8 in January.

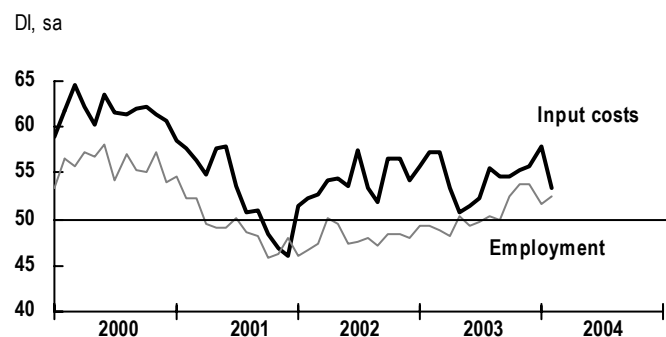
The **Global Services Input Prices Index** registered 53.3 in February, down 4.7 points from 58.0 in January, to point to a marked easing in the rate of input cost inflation from one month earlier. Average input prices have increased in each of the past twenty-six months.

The Global Report on Services data are combined with the equivalent manufacturing data to produce indicators of all-industry global business conditions. See www.ntc-research.com for details.

Service sector business activity



Service sector employment and input costs



Global Services Summary

50 = no change on previous month.

	Jan	Feb	Change	Change on previous month
Output/activity	60.3	59.3	-	Expanding at slower rate
New business	61.5	58.7	-	Expanding at slower rate
Backlogs of work	51.8	51.5	-	Expanding at slower rate
Input prices	58.0	53.3	-	Rising at slower rate
Employment	51.6	52.6	+	Expanding at faster rate

Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The latest PMI data pointed to robust broad-based growth of the global service economy. Activity and new business continued to expand at considerable rates, supporting further solid employment growth. The intensity of the upward trend in input prices eased markedly during the month, suggesting that rising cost pressures are unlikely to provide a near-term constraint to future growth."

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Notes on data

The Global Report on Services is based on the results of surveys carried out in the USA by ISM, and in the UK, Germany, France, Spain, Italy, Russia, Ireland and Hong Kong by NTC Research and in Australia. These countries together account for an estimated 60% of global service sector output. For the US, data for service industries are extracted from the ISM non-manufacturing survey in order to retain consistency with data for other countries.

The Global Report on Services provides the first indication each month of global private service sector business conditions, based on data collected from around 3,500 executives. It is compiled by NTC Research. 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 indexes, 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 world-wide. Questions are asked about real events and are not opinion based. Data are presented in the form of diffusion indices, where an index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease.

The services report is accompanied by a Global Report on Manufacturing and a Global All-Industry PMI Report. See www.ntc-research.com for details.

Data sources

Country*	% share of global GDP**	Producer	In association with	Web
US*	27.0	ISM	–	www.ism.ws
Germany	8.0	NTC	Reuters	www.reuters.de
France	5.3	NTC	CDAF/Reuters	www.cdaf.asso.fr , www.reuters.fr
UK	3.9	NTC	CIPS/Reuters	www.cips.org , www.reuters.co.uk
Italy	3.6	NTC	Reuters/ADACI	www.reuters.it , www.adaci.it
Spain	2.1	NTC	AERCE	www.aerce.org
Australia	1.4	AiG	Commonwealth Bank	www.aigroup.asn.au , www.commbank.com.au
Russia	1.1	NTC	Moscow Narodny Bank	www.mosnar.com
Hong Kong	0.5	NTC	–	www.ntc-research.com
Ireland	0.3	NTC	NCB Stockbrokers	www.ncbdirect.com

* Note: ISM non-manufacturing data have been recalculated to be consistent with the service sector coverage used by NTC.

** Source: World Bank



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NTC Research is one of the world's largest specialist providers of business research information, operating business surveys on behalf of blue-chip clients. Current research includes continuous surveys providing original data on economic conditions in the UK, Japan, Germany, France, Italy, Spain, the Netherlands, Austria, Ireland, Greece, Russia, Poland, the Czech Republic and Hong Kong. NTC surveys are widely used by governments, businesses and financial markets.



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The **International Federation of Purchasing and Materials Management (IFPMM)** is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached. IFPMM is a non-political, independent and non-profit oriented international organisation, registered in Aarau, Switzerland. IFPMM 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.

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