

# JPMorgan Global PMI

## Global Report on Services

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

### Rapid expansion of the global services economy reflected further substantial growth of new business during March.

The current upturn of the global services economy extended into a twelfth successive month in March. At 58.6, the **Global Services Business Activity Index** remained at a level indicative of substantial growth. However, after falling from 59.4 in February, the Index pointed to a marginal easing in the rate of overall expansion.

March data suggested that growth of business activity had been broad-based, with all except one of the nations for which services PMI data were collected reporting an increase (Australia recorded no change in output from one month ago). The US remained the strongest performing service economy, and recorded slightly sharper growth than one month ago. European service sector activity continued to rise although the rate of increase eased during the month, with slower growth of activity in all of the euro area economies and the UK. Meanwhile, Hong Kong and Russia reported marked growth of service sector business activity, although the rate of increase in Hong Kong eased on one month earlier.

At 57.7 in March, the **Global Services New Business Index** recorded a further substantial increase in the volume of incoming new business, although the rate of expansion was slightly slower than one month ago. Growth of incoming new orders remained broad-based, with all of the nations covered by the survey reporting an increase. However, the rates of expansion differed markedly, with the UK recording the strongest expansion and growth of new orders in Spain slowing to a marginal pace.

Service sector employment expanded for the sixth month running in March. However, the **Global Services Employment Index** posted 51.1, down from 52.4 in February, to indicate only a marginal rise in staffing levels and slower growth than one month ago. All except one of the nations covered by the survey (Germany) reported an increase in employment during March, with the sharpest rise in Russia.

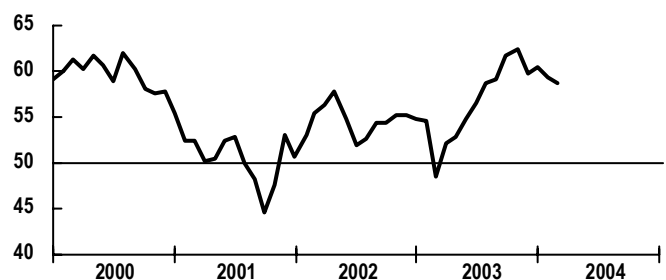
The level of business outstanding increased for the ninth consecutive month in March. However, at 50.8, the **Global Services Outstanding Business Index** signalled only a marginal increase in backlogs of work and a slower rate of increase than in February.

The **Global Services Input Prices Index** rose by 5.2 points to 58.6 in March, to indicate substantial inflation of overall input prices and a sharp pick up in the rate of increase from one month ago. Average input costs have risen in every month since the start of 2002.

*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](http://www.ntc-research.com) for details.*

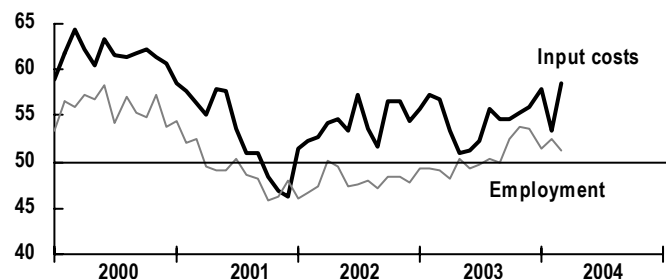
Service sector business activity

DI, sa



Service sector employment and input costs

DI, sa



### Global Services Summary

50 = no change on previous month.

	Feb	Mar	Change	Change on previous month
Output/activity	59.4	58.6	-	Expanding at slower rate
New business	58.6	57.7	-	Expanding at slower rate
Backlogs of work	51.4	50.8	-	Expanding at slower rate
Input prices	53.4	58.6	+	Rising at faster rate
Employment	52.4	51.1	-	Expanding at slower rate

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

"The strong upturn in the global service economy continued during March, with further substantial growth of business activity and incoming new orders recorded. A marginal increase in employment was also positive. However, the recent strength of oil prices threatens the emergent recovery in staffing levels, especially if rapid inflation of costs stifles growth of corporate profits."

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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](http://www.ntc-research.com) for details.

### Data sources

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

\* 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.



Founded in 1915, the **Institute for Supply Management™ (ISM)** is the largest supply management organization in the world as well as one of the most respected. ISM's mission is to lead the supply management profession through its standards of excellence, research, promotional activities and education. ISM's membership base includes more than 45,000 supply management professionals with a network of domestic and international affiliated associations. ISM is a not-for-profit institute that provides opportunities for the promotion of the profession and the expansion of professional skills and knowledge.



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