

JPMorgan Global PMI

Global Report on Services

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

Global service economy exhibited further marked growth in May. Sharp inflation of costs gathered pace as oil prices strengthened.

The current strong upturn of the worldwide service economy was maintained in May. At 61.4, down slightly from 61.8 in April, the **Global Services Business Activity Index** remained at a level substantially above the neutral mark of 50.0. The latest data pointed to a broad-based expansion of business activity levels, with all of the nations for which services PMI data were collected recording a rise in output.

Expansion of the global services economy was again led by the US, which reported the sharpest rise in business activity for the fifth successive month. The US also saw the fastest growth of both new business and employment. Activity levels rose across the Eurozone, and at a faster rate than one month earlier, with the performances of Ireland and France especially positive. Although the growth rate of the German service economy continued to lag behind its euro area counterparts, the rate of increase of business activity was solid and slightly sharper than in April. The UK saw a further substantial increase in service sector activity in May, with the rate of expansion remaining above the average for the Eurozone as a whole. Of the other broad regions included in the composition of the Global Services Business Activity Index, Russia saw the strongest growth of output (and the second-fastest increase overall).

The upturn in new business volumes extended into its fourteenth successive month in May. Furthermore, the **Global Services New Business Index** registered 59.5, up marginally from 58.9 in April, to point to substantial growth of new work and a slight pick up in the rate of increase compared to one month ago. All of the countries for which services PMI data were collected recorded growth of new orders. The US reported the fastest increase, and Germany the slowest.

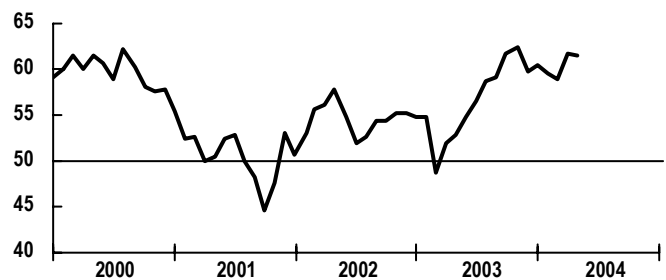
The improved buoyancy of the worldwide service sector jobs market was maintained, as employment increased for the eighth month running in May. **The Global Services Employment Index** posted 53.3, down slightly from 53.8, but remained at a level indicative of solid growth of staffing.

Average costs surged higher, as the current strength of steel and oil prices resulted in rapid inflation of input prices (especially transportation costs). **The Global Services Input Prices Index** rose by 3.1 points to 61.6 in May, to signal a further marked rise in costs and a sharp pick up in the rate of inflation from one month ago. All of the broad regions covered by the survey recorded a marked increase in input prices during May, with the US and Russia reporting the sharpest rates of inflation.

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.

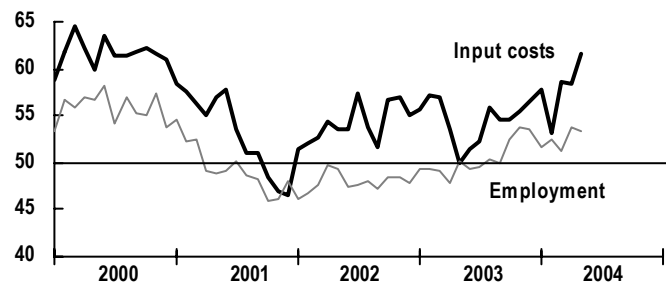
Service sector business activity

DI, sa



Service sector employment and input costs

DI, sa



Global Services Summary

50 = no change on previous month.

	Apr	May	Change	Change on previous month
Output/activity	61.8	61.4	-	Expanding at slower rate
New business	58.9	59.5	+	Expanding at faster rate
Backlogs of work	52.4	52.8	+	Expanding at faster rate
Input prices	58.5	61.6	+	Rising at faster rate
Employment	53.8	53.3	-	Expanding at slower rate

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

"The global services economy continued to exhibit strength in May. Growth of activity and new business continued and the upturn in employment remained solid. The Input Costs Index reached its highest level for three-and-a-half years as upward cost pressures intensified."

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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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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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