

JPMorgan Global PMI

Global Report on Services

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

Growth of worldwide service sector activity moderated in August. Employment back in positive territory.

Worldwide services activity continued to expand at a solid rate in August. At 57.7, the **Global Services Business Activity Index** remained above the no-change mark of 50.0 for the seventeenth successive month. However, the latest data indicated that the current upturn had lost momentum, as the rate of overall growth moderated since July.

The expansion of activity levels remained broad-based, with the US again outperforming the other nations. However, US data showed signs that the current upturn had already passed its peak, as the rate of increase eased to the slowest since the end of H1 2003. Russia recorded the second-strongest rise in activity. Growth across the Eurozone lagged behind the other major regions covered by the survey, with all of the Eurozone nations seeing growth of activity ease in August.

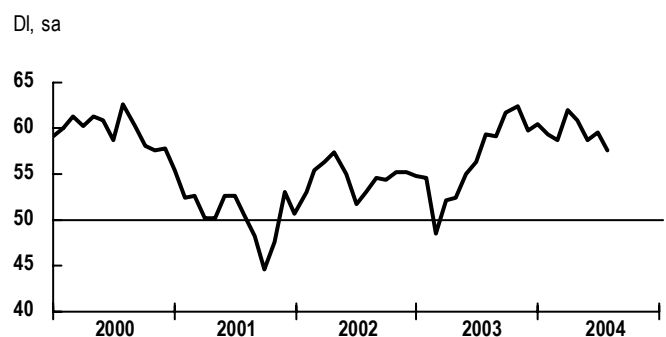
Underpinning the latest rise in business activity was a seventeenth successive monthly increase in the level of incoming new work. The **Global Services New Business Index** registered 57.4, to remain at a level well above the neutral mark of 50.0. However, growth of new orders eased since the previous month, and was the slowest since last September. The fastest expansion of new business was recorded by the US (although the US saw growth of new orders ease to the least marked rate in almost a year), followed by Russia.

Service sector employment rose during August, following a slight drop in staff levels one month ago. The **Global Services Employment Index** posted 51.8, up from 49.6 in July. The strongest growth of employment was recorded by Ireland, followed by Russia. A solid increase in staffing was also reported by the UK. The US registered a rise in employment, after a slight fall in July, while the latest data from the Eurozone suggested a halt to recent shedding of jobs.

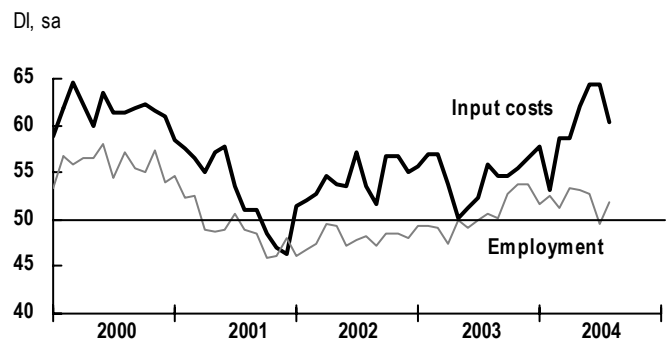
Service providers' ability to expand output was constrained by a lack of spare capacity (despite a rise in staff levels) and intense upward pressure on costs. The **Global Services Outstanding Business Index** posted 53.8, to point to growth of work in hand (but not yet completed) for the twelfth successive month. Meanwhile, at 60.3, the **Global Services Input Prices Index** signalled a further marked rise in average costs, as the current strength of oil on international markets drove up fuel, transportation and energy costs. However, the rate of increase of input prices eased to the least marked pace for four months, to suggest that cost inflation had passed its July peak.

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.

	Jul	Aug	Change	Change on previous month
Output/activity	59.6	57.7	-	Expanding at slower rate
New business	61.1	57.4	-	Expanding at slower rate
Backlogs of work	53.7	53.8	+	Expanding at faster rate
Input prices	64.4	60.3	-	Rising at slower rate
Employment	49.6	51.8	+	Expanding, change of direction

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

"The slowdown of growth across many of the national service economies is cause for only minor concern. Output is still rising at a healthy rate, and the slower trend is likely to reverse as demand reaccelerates in Q4 2004. The rebound in recruitment is promising and assuages fears that the upturn of employment halted in July."

JPMorgan Global PMI

Global Report on Services

Press contacts

For further information or for other press enquiries please contact:

David Hensley
(1-212) 834-5516
david.hensley@jpmorgan.com
JPMorgan Chase Bank

Rob Dobson
(44) 1491 418 695
rob.dobson@ntc.co.uk
NTC Research Ltd

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



J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$803 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumer customers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the internet at www.jpmorganchase.com.



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.



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.

Whilst every effort has been made in the preparation of this report to ensure accuracy of the statistical and other contents, the publishers and data suppliers cannot accept any liability in respect of errors or omissions or for any losses or consequential losses arising from such errors or omissions.

© Copyright and database rights in the compiled global PMI data owned by NTC Research Limited. Distribution or storage including databasing by any means including, without limitation, electronic distribution is not permitted without the prior consent of NTC.