

# JPMorgan Global PMI

## Global Report on Services

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

### Expansion of worldwide services activity gathered momentum in October, following re-acceleration of new business growth.

October data pointed to a slight uptick in the growth rate of the global services economy. The **Global Services Business Activity Index** rose to 58.0, from 57.3 in September, to remain above the critical no-change mark of 50.0 for the nineteenth consecutive month and point to a further substantial rise in output. Although the strongest in three months, growth of the worldwide service economy nevertheless remained down on levels seen during late 2003 and early 2004.

Of the ten nations included in the composition of the Global Services Business Activity Index, nine had data available to October. All of these economies reported growth of output, with the majority (six) seeing an improvement in the rate of expansion since the previous survey period. The most pronounced rise in activity was recorded for the US, where growth picked up to a three-month high, whilst the performance of Australia was also positive – registering the strongest expansion of output since January. All of the other nations underperformed relative to the average for the global service economy as a whole. Growth of activity was particularly subdued across the Eurozone, with Germany (the largest Eurozone economy) recording the weakest rate of increase of all nations.

October saw a re-acceleration in the rate of growth of incoming new business from September's fifteen-month low. At 57.9, the **Global Services New Business Index** recorded an expansion of new work for the nineteenth month running – the most sustained period of growth during the past three-and-a-half years. The sharpest rise in new orders was registered for the US, which led the other nations by a significant margin, followed by Ireland. The Eurozone continued to lag behind the other major regions covered by the survey, with the performance of Germany especially weak. After seeing new orders fall for the first time in over a year, Germany was the only national economy to record a contraction.

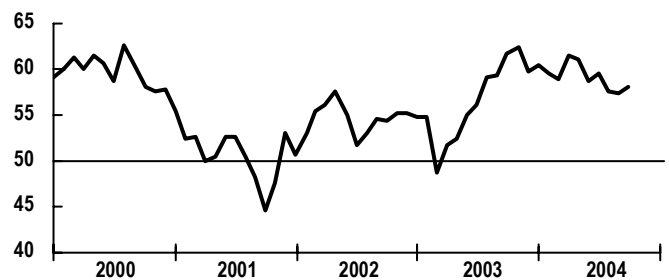
Global service providers continued to operate in a high cost environment in October. The **Global Services Input Prices Index** rose to 63.1. This was the first rise in the Index level for four months, and suggested a marked acceleration in the rate of cost inflation to a pace only slightly below June's four-year high. France recorded the sharpest increase in costs, followed by Ireland, then the US.

At 53.5 in October, little-changed from 53.6 one month earlier, the **Global Services Employment Index** suggested growth of staffing levels broadly consistent with September's recent peak. The majority of the national service economies recorded a rise in employment, led by the US. The only exception was Germany, which saw the current sustained period of job-cutting extend into its thirty-first successive month.

*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.*

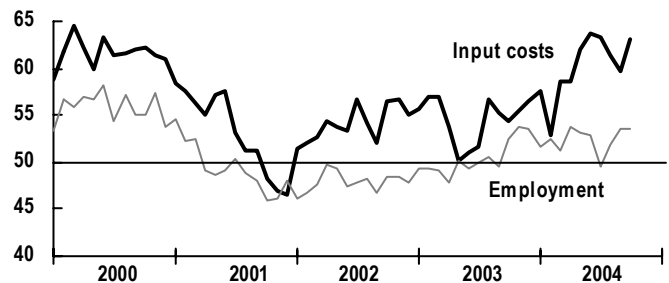
#### Service sector business activity

DI, sa



#### Service sector employment and input costs

DI, sa



#### Global Services Summary

50 = no change on previous month.

	Sep	Oct	Change	Change on previous month
Output/activity	57.3	58.0	+	Expanding at faster rate
New business	56.8	57.9	+	Expanding at faster rate
Backlogs of work	50.6	50.1	-	Expanding at slower rate
Input prices	59.6	63.1	+	Rising at faster rate
Employment	53.6	53.5	-	Expanding at slower rate

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

"Growth of business activity and new orders both accelerated in October, and job growth remained resilient. The current strength of input price inflation is still cause for some concern going forward, but some relief may be in sight if oil prices head lower as expected."

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

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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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