

JPMorgan Global PMI

Global Report on Services

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

Global services economy expands at the sharpest rate in over three years. Growth of new business hits series record pace.

October saw the strongest growth of the global services economy for over three years, with all of the countries surveyed reporting that business activity levels had expanded during the month.

At 61.9 in October, up from 59.3 in September, the **Global Services Business Activity Index** remained above the critical no-change mark of 50.0 for the seventh consecutive month. Furthermore, the Index has risen throughout this period, suggesting that the rate of growth has gained significant momentum since April.

The US service sector registered very robust growth, with the output index reaching a near six-year high. Expanded levels of business activity were reported in the Eurozone and UK (with the UK seeing output increase at the steepest rate for four years), and Hong Kong saw activity rise at the fastest pace since April 2000. The strongest expansion of business activity was reported by Australia, where growth accelerated to its fastest rate since Australian data were first collected in February.

October saw the most significant increase of incoming new business since the survey began in July 1998. At 63.9, up from 57.5 in September, the **Global Services New Business Index** signalled expansion for the seventh consecutive month. Growth was strongest in the US – which saw new business rise at the steepest rate since the US series began in July 1997 – followed by Australia. The euro area recorded its most pronounced expansion for three years, and the UK also saw significant growth.

At 52.4 in October, the **Global Services Backlogs of Work Index** signalled modest expansion of outstanding business volumes and at a stronger rate than the previous two months.

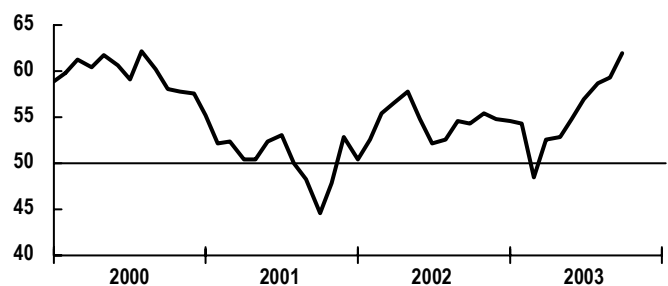
October saw widespread growth of staffing levels. At 52.3, the **Global Services Employment Index** indicated that employment was increasing at its most buoyant rate for over two-and-a-half years. Growth of staffing was strongest in Russia, and reached a thirty-five month peak in the US. Meanwhile, despite easing for the fifth month running, the pace of job shedding in Germany remained severe.

At 54.8 in October, the **Global Services Input Prices Index** signalled that inflation of input costs had picked-up slightly compared to the previous month. The recovery of oil prices (and its effect on fuel costs) remained the principal factor resulting in upward cost pressure.

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 output

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	59.3	61.9	+	Expanding at faster rate
New business	57.5	63.9	+	Expanding at faster rate
Backlogs of work	50.6	52.4	+	Expanding at faster rate
Input prices	54.6	54.8	+	Expanding at faster rate
Employment	50.1	52.3	+	Expanding at faster rate

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

"The outlook for the global service economy remains extremely positive. Output is growing rapidly, and the global PMI showed record new orders growth. Services employment also appears to have turned the corner, with the jobs index moving decisively above the breakeven mark in October."

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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

Luke Thompson
(44) 1491 418 626
luke_thompson@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. 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
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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