

# JPMorgan Global PMI

# Global Report on Services

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

Global services activity and new orders rose at the least marked rates for almost one-and-a-half years in November.

PMI services data for November recorded the least marked expansion of the global services economy since July 2003. With the exception of Australia (which registered the strongest increase in activity of all nations) the UK and Ireland, the rest of the national service economies showed a less robust trend in activity than in October. At 57.2, a figure still indicative of strong growth, the **Global Services Business Activity Index** remained above the neutral mark of 50.0 for the twentieth month in a row.

US services activity expanded at a rate only slightly below that of Australia, although US data for October and November suggest that growth in Q4 2004 is likely to be the slowest since Q2 2003. Growth across the Eurozone was the most subdued in fifteen months, with the rate of increase in activity recorded for Germany especially weak. Meanwhile, Russia and Hong Kong saw activity increase at the least robust rates for twenty-five and seventeen months respectively.

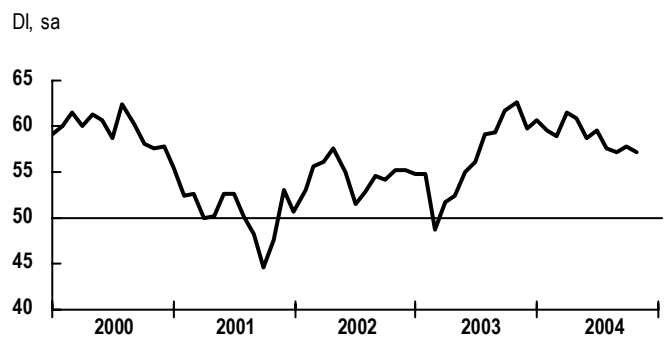
After recording a re-acceleration in demand growth in the previous month, the **Global Services New Business Index** fell to 55.5 in November, its lowest level since June 2003. The US saw new business rise at the slowest rate since September 2003, while the weaker trend in new order growth continued in the Eurozone. New business rose only slightly across the euro area as a whole (with a contraction registered for Germany) raising the prospect that the level of new business in this key region may start to fall in the coming months. In contrast, Australia registered the strongest rise in new business of all nations, with the rate of growth picking up sharply from a four-month low in October to the most pronounced so far during 2004. The UK saw new orders rise at the fastest rate for five months.

Employment rose for the fourth month running in November. However, the latest data pointed to an easing in growth of workforce levels from the previous two months. The upturn in US services employment lost momentum, while the downward trend in staffing levels in Germany continued (the only nation covered by the survey to report net job losses). The **Global Services Employment Index** posted 51.9, down from 53.3 in October.

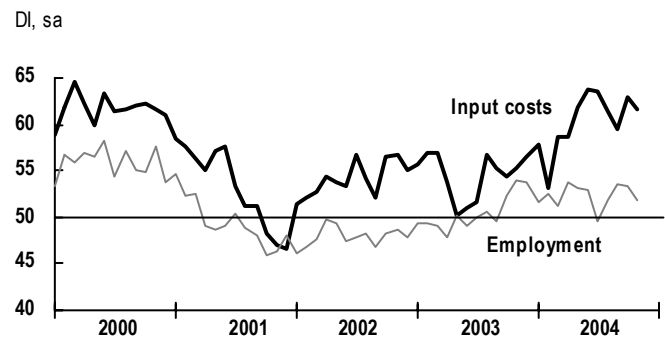
Upward pressure on costs remained intense during the latest survey period. The **Global Services Input Prices Index** registered 61.6, to remain well above the no-change mark of 50.0. However, inflation of input prices was less marked than one month earlier and, given recent and expected developments in the oil market, the rate of increase in costs is likely to ease further in the coming months.

*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



Service sector employment and input costs



## Global Services Summary

50 = no change on previous month.

	Oct	Nov	Change	Change on previous month
Output/activity	57.8	57.2	-	Expanding at slower rate
New business	57.5	55.5	-	Expanding at slower rate
Backlogs of work	50.0	50.7	+	Expanding, no change one month ago
Input prices	63.0	61.6	-	Rising at slower rate
Employment	53.3	51.9	-	Expanding at slower rate

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

"Expansion of the global service economy slowed in November, as growth in new orders eased to the least robust rate for one-and-a-half years. The jobs market showed a further improvement. Cost pressures eased, and should continue to slow if oil prices fall 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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**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, China, 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.

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