

## News Release

**MARKET SENSITIVE INFORMATION**  
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# J.P.Morgan Global Manufacturing & Services PMI™

Produced by J.P.Morgan and Markit in association with ISM and IFPSM

## Global economic growth at nine-month low in September

Global economic growth lost further impetus at the end of the third quarter, as September saw the rate of output expansion slip to a nine-month low. Emerging markets were the main drag on headline global growth, whereas the performances of the developed economies held up better in comparison.

The J.P.Morgan Global All-Industry Output Index<sup>1,2</sup> – which is produced by J.P.Morgan and Markit in association with ISM and IFPSM – fell to 52.8 in September, from 53.9 in August. The average reading over the third quarter as a whole (53.5) was below that registered in the second quarter.

Although tracking on a subdued growth rate trend, global economic output has nonetheless expanded in each of the past 36 months. Further (albeit slower) increases were seen for both manufacturing output and service sector business activity during September.

Among the developed nations, rates of all-industry output expansion held up well in the US and the eurozone. Both recorded solid increases, despite the pace of growth easing to three- and four-month lows respectively. The slowdown in the UK economy continued, while Japan registered only a modest and weaker increase in economic activity.

Within the euro area, output rose in Germany, France, Italy, Spain and Ireland. Although France was the only one of these nations to signal faster expansion, its rate of growth remained behind the others.

Emerging markets generally performed poorly during September. The China All-Industry Output PMI remained below 50.0 for the second straight month, while Brazil remained in a severe downturn. Russia fared slightly better, seeing a marginal increase in economic activity following last month's contraction.

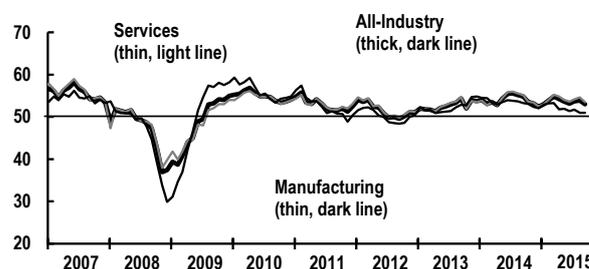
Global employment rose for the sixty-seventh month running in September. Although the rate of jobs growth eased slightly, it remained above the average for the current sequence of increase. Higher staffing levels were signalled in the US, the eurozone, Japan and the UK. Job losses were recorded in China, France, Italy, Brazil and Russia.

**Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:**

“The latest PMI surveys point to a waning trend in global economic growth at the end of the third quarter, as rates of expansion softened in both the manufacturing and service sectors. The disparity between emerging and developed nations also remains, with the former registering a contraction while the latter saw growth hold up well in comparison despite slowing slightly over the month.”

**JPMorgan global PMI output**

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### Global Manufacturing & Services PMI™

50 = no change on prior month.

Index	Aug.	Sep.	+/-	Summary
Output	53.9	52.8	-	Expanding, slower rate
New Orders	53.6	53.1	-	Expanding, slower rate
Input Prices	52.5	52.3	-	Rising, slower rate
Output Charges	50.1	49.7	-	Falling, from rising
Employment	52.2	52.0	-	Rising, slower rate
Backlogs	50.0	49.7	-	Falling, from no change

Average input prices rose at a slightly slower pace during September, as accelerated cost increases in the service sector were offset by a reduction in manufacturers' purchase prices. Meanwhile, average output charges fell for the first time in eight months. Selling prices were reduced in the US, China, Japan, France, Italy and Spain. In contrast, strong increases were seen in Russia and Brazil.

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## Notes to Editors:

The Global Report on Manufacturing & Services is compiled by Markit based on the results of surveys covering over 16,000 purchasing executives in over 30 countries. Together these countries account for an estimated 86% of global gross domestic product (GDP). 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.

For the US service sector, data are taken from a combination of the Markit US Services PMI™ and the ISM non-manufacturing survey. Global services PMI data points after September 2009 include data from the Markit US services PMI survey in the calculation. For global services PMI data prior to October 2009, the calculation is based on data taken from the ISM non-manufacturing survey. Where appropriate, month-on-month changes in the ISM data series have been applied to the Markit series to form a proxy back history.

## Data Sources:

Country	% Share of global GDP <sup>3</sup>	Producer	In association with	Website
United States <sup>1,2</sup> :				
Markit	25.2%	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
ISM	25.2%	ISM	–	<a href="http://www.ism.ws">www.ism.ws</a>
Japan	8.8%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
China	8.4%	Markit	Caixin	<a href="http://www.caixin.com">www.caixin.com</a>
Germany	5.7%	Markit	BME	<a href="http://www.bme.de">www.bme.de</a>
United Kingdom	4.5%	Markit	CIPS	<a href="http://www.cips.org">www.cips.org</a>
France	4.2%	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
Italy	3.2%	Markit	ADACI	<a href="http://www.adaci.it">www.adaci.it</a>
India	2.5%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Canada	2.3%	Markit	Royal Bank of Canada/SCMA	<a href="http://www.rbc.com">www.rbc.com</a> , <a href="http://www.scma.ca">www.scma.ca</a>
Spain	2.2%	Markit	AERCE	<a href="http://www.aerce.org">www.aerce.org</a>
Brazil	2.1%	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
South Korea	2.0%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Mexico	1.9%	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
Russia	1.8%	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
Australia	1.6%	AiGroup	–	<a href="http://www.aigroup.asn.au">www.aigroup.asn.au</a>
Netherlands (The)	1.3%	Markit	NEVI	<a href="http://www.nevi.nl">www.nevi.nl</a>
Turkey	1.2%	Markit	ISO	<a href="http://www.markit.com">www.markit.com</a>
Taiwan	0.9%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Switzerland	0.8%	procure.ch	Credit Suisse	<a href="http://www.procure.ch">www.procure.ch</a> , <a href="http://www.credit-suisse.ch">www.credit-suisse.ch</a>
Indonesia	0.8%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Poland	0.8%	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
Austria	0.6%	Markit	Bank Austria/OPWZ	<a href="http://www.bankaustria.at">www.bankaustria.at</a> , <a href="http://einkauf.opwz.com">http://einkauf.opwz.com</a>
South Africa	0.6%	BER	CIPS	<a href="http://www.ber.sun.ac.za">www.ber.sun.ac.za</a> , <a href="http://www.cips.org">www.cips.org</a>
Denmark	0.5%	DILF	Kairoscommodities	<a href="http://www.dilf.dk">www.dilf.dk</a> , <a href="http://www.kairoscommodities.com">www.kairoscommodities.com</a>
Ireland	0.4%	Markit	Investec	<a href="http://www.investec.co.uk">www.investec.co.uk</a>
Greece	0.4%	Markit	HPI	<a href="http://www.hpi.org">www.hpi.org</a>
Malaysia	0.4%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>
Singapore	0.3%	SIPMM	–	<a href="http://www.sipmm.org.sg">www.sipmm.org.sg</a>
Israel	0.3%	IPLMA	Bank Hapoalim Ltd	<a href="http://www.iplma.org.il">www.iplma.org.il</a> , <a href="http://www.bankhapoalim.co.il">http://www.bankhapoalim.co.il</a>
Czech Republic	0.3%	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
New Zealand	0.2%	Business NZ	Bank of New Zealand	<a href="http://www.businessnz.org.nz">www.businessnz.org.nz</a> , <a href="http://www.bnz.co.nz">www.bnz.co.nz</a>
Hungary	0.2%	HALPIM	Hungarian National Bank	<a href="http://www.logisztika.hu">www.logisztika.hu</a>
Vietnam	0.2%	Markit	Nikkei	<a href="http://www.nikkei.co.jp/nikkeiinfo/en/">www.nikkei.co.jp/nikkeiinfo/en/</a>

- 1) Data from the Markit survey of US manufacturing are included in the global manufacturing PMI composition from February 2010 onwards. Data prior to that date are based on the ISM US manufacturing survey.
- 2) Data from the Markit survey of US services are included in the global services PMI composition from October 2009 onwards (including the October 2009 data point). Data prior to that date are based on the ISM US non-manufacturing survey.
- 3) Source: World Bank World Development Indicators (2012 data, constant US\$ measure).

## Methodology: Global Manufacturing & Services PMI™ Indices

The Global Manufacturing & Services PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national sector level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Where comparable indices (such as output) are available for both the global manufacturing PMI and global services PMI surveys, the index for each sector is weighted together to produce a combined manufacturing & services reading. The weight applied is calculated according to the relative contributions of the service and manufacturing sectors to overall global GDP. Weights for the global indices are derived from the latest available World Bank data on the gross value added of manufacturing for each of the nations covered. World Bank data on value added are in constant US\$, with all national currencies converted to US\$ by the World Bank using DEC alternative conversion factors.

# J.P.Morgan

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