

## News Release

**MARKET SENSITIVE INFORMATION**  
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# JPMorgan Global Services PMI

Produced by JPMorgan and Markit in association with ISM and IFPSM

## Service sector recovery remained subdued in February

February PMI data indicated that global service sector business activity expanded for the seventh successive month. The headline JPMorgan **Global Services Business Activity Index** rose to 52.6, its highest level since December 2007 and one indicative of a modest rate of growth. The average for Q1 2010 so far (51.9) is slightly above that for Q4 2009 (51.5).

However, the rate of expansion signalled for service sector business activity was well below that for manufacturing output.

Growth was fastest in China, India, Hong Kong and the UK. Rates of expansion eased in China and Hong Kong, but were the quickest since September 2008 and January 2007 in India and the UK respectively. Growth hit a 28-month high in the US and 21-month peak in Brazil.

The recovery in the Eurozone service sector remained fragile, with marked disparities prevailing between nations. France, Germany and Italy all saw growth of activity – but at slower rates than in January – while the downturns in Spain and Ireland continued. Australia and Japan reported lower activity in February.

Incoming **new business** rose for the sixth consecutive month in February. The rate of increase improved for the second month in a row to reach its quickest since November 2007. Growth was led by India, the UK, China and Hong Kong.

Service sector **employment** fell for the 22nd consecutive month in February, although the rate of job losses eased to its weakest since July 2008. Staffing levels were lowered in the US, the Eurozone, Japan, the UK, Russia and Australia. Rates of reduction eased in the US (sharply to its weakest since April 2008), the Eurozone (16-month low), the UK (slowest pace in the current period of job cutting) and Australia. Employment increased in China, Germany, India, Brazil and Hong Kong.

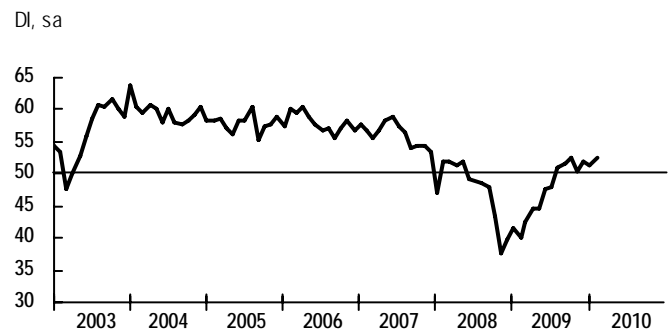
However, February data signalled that spare capacity remained in certain regions, as levels of **outstanding business** declined (on average) for the 30th month running. Backlogs fell in the US, Japan, China, Germany, the UK, Spain, Russia, Ireland and Brazil. In contrast, France, Italy, India and Hong Kong saw levels of outstanding business increase since January.

At 55.3 in February, the **Global Services Input Prices Index** signalled an increase in average costs for the seventh straight month. Moreover, the rate of increase was only slightly below January's 16-month peak. The steepest increases in costs were signalled in Australia, Hong Kong, the US and the UK. In contrast, Japan, Spain and Ireland saw input prices decrease.

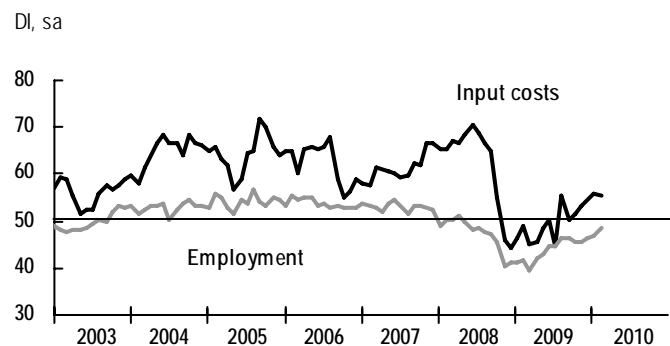
### Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The PMI indexes for activity, new orders and employment all moved in the right direction in February. However, PMI data suggest that the recovery in the global service sector is still struggling to find the traction being seen in manufacturing. Concerns about the sustainability of the rebound will remain until an outright recovery in the labour market comes into effect."

#### Service sector business activity



#### Service sector employment and input costs



### Global Services PMI Summary

50 = no change on previous month.

	Jan	Feb	+/-	Summary
Output/activity	51.2	52.6	+	Growth, faster rate
New business	52.4	52.7	+	Growth, faster rate
Backlogs of work	46.4	47.3	+	Contracting, slower rate
Input prices	55.8	55.3	-	Higher costs, slower rate
Employment	46.7	48.5	+	Contracting, slower rate

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### Notes to editors

The Global Report on Services is based on the results of surveys covering around 3,500 executives carried out in the USA by ISM, and in Japan, China, the UK, Germany, France, Spain, Italy, Brazil, India, Russia, Ireland and Hong Kong by Markit, in Australia by AiG, New Zealand by Business NZ and Mexico by HSBC. These countries together account for an estimated 80% of global service sector output. For the US, data are taken from the ISM non-manufacturing survey which, in addition to the service sector included in the other countries, also includes agriculture, construction, mining, public administration, retail, utilities and wholesale sectors. The Hong Kong PMI also covers construction, manufacturing and retail.

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.

### Data sources

Country	% share of global GDP*	Producer	In association with	Web
United States	28.8	ISM	–	<a href="http://www.ism.ws">www.ism.ws</a>
Eurozone	17.7	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
Japan	12.8	Markit	Nomura	<a href="http://www.nomura.co.jp">www.nomura.co.jp</a>
China	6.5	Markit	HSBC	<a href="http://www.hsbc.com">www.hsbc.com</a>
Germany	5.2	Markit	–	<a href="http://www.markit.com">www.markit.com</a>
United Kingdom	4.3	Markit	CIPS	<a href="http://www.cips.org">www.cips.org</a>
France	3.8	Markit	CDAF	<a href="http://www.cdaf.asso.fr">www.cdaf.asso.fr</a>
Italy	2.9	Markit	ADACI	<a href="http://www.adaci.it">www.adaci.it</a>
Brazil	2.1	Markit	HSBC	<a href="http://www.hsbc.com">www.hsbc.com</a>
India	2.0	Markit	HSBC	<a href="http://www.hsbc.com">www.hsbc.com</a>
Spain	1.8	Markit	AERCE	<a href="http://www.aerce.org">www.aerce.org</a>
Mexico	1.7	HSBC	–	<a href="http://www.hsbc.com">www.hsbc.com</a>
Australia	1.3	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	Markit	VTB Capital	<a href="http://www.vtb.com">www.vtb.com</a>
Hong Kong	0.6	Markit	HSBC	<a href="http://www.hsbc.com">www.hsbc.com</a>
Ireland	0.3	Markit	NCB Stockbrokers	<a href="http://www.ncbdirect.com">www.ncbdirect.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>

\* Source: World Bank WDI (2008 data, constant US\$ measure)



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