

News Release

MARKET SENSITIVE INFORMATION
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JPMorgan Global Services PMI

Produced by JPMorgan and Markit Economics in association with ISM and IFPSM

Growth of global service sector slowed in November

The recovery of the global service sector slowed to a near halt in November. At 50.1, down from 53.0 in October, the JPMorgan **Global Services Business Activity Index** posted a reading broadly consistent with no-change in levels of service sector activity.

The deceleration mainly reflected a marked turnaround in the performance of the US non-manufacturing sector in November. After seeing activity rise at the fastest pace in two years in October, output fell slightly in the latest survey period. Meanwhile, the recession in the Japanese service sector continued with activity declining at the fastest pace for six months.

In contrast, the Eurozone, the UK and emerging market service sectors performed better. The recovery in activity in the Eurozone accelerated slightly to a near two-year high, but remained heavily centred on France. Germany also saw an increase in activity. The UK service sector expanded for the seventh successive month.

Growth of activity accelerated in China, remained solid in India and Russia, and hit one-and-a-half year and 24-month highs in Brazil and Hong Kong respectively.

At 51.9 in November, down from 52.8 in October, the **Global Services New Business Index** pointed to an increase in new work for the third month in a row. However, the pace of expansion was slightly down on the previous month. Growth remained robust in the US, China, the UK, Australia, Brazil and Hong Kong.

Gains in new business signalled for the Eurozone masked the uneven distribution by nation, with only France recording an increase. The downturn in demand at Japanese service providers continued and was the steepest for seven months.

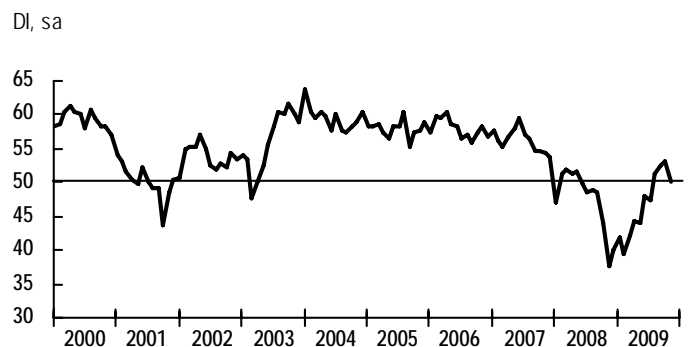
November data signalled further job losses in the global service sector. At 45.3, little-changed from 45.1 in October, the **Global Services Employment Index** posted below the neutral 50.0 mark for the eighteenth month in a row. Rates of decline in employment were particularly marked in Spain, Ireland, the US and France. In contrast, staffing levels were raised in China, India, Brazil and Hong Kong. The rate of job losses in the UK was the weakest since September last year.

At 53.6 in November, up from 51.4 in October, the **Global Services Input Prices Index** signalled an increase in average costs for the second month running. Moreover, the rate of inflation was faster than in the previous month. Input price increases were steepest in Australia, the US and Hong Kong. The BRIC countries all saw costs increase, as did the UK. Input prices were unchanged compared to October in the Eurozone, ending a nine-month period of deflation. Higher costs in Germany, Italy and Spain were offset by declines in France and Ireland.

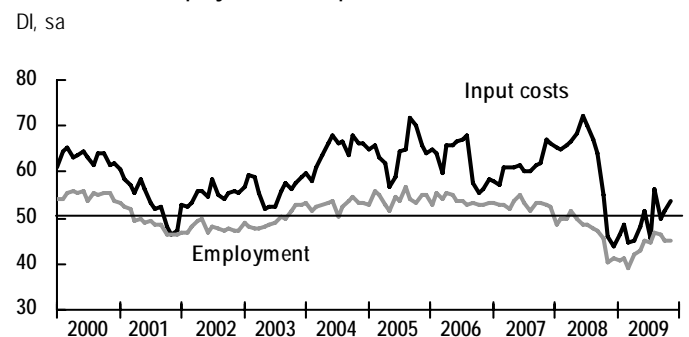
Commenting on the survey, David Hensley, Director of Global Economics Coordination at JPMorgan, said:

"The global PMI points to a setback in the service-sector recovery in November. However, with new orders continuing to rise and global indicators of final demand on the rise, this is expected to be only a temporary pause in growth."

Service sector business activity



Service sector employment and input costs



Global Services PMI Summary

50 = no change on previous month.

	Oct	Nov	+/-	Summary
Output/activity	53.0	50.1	-	Growth, slower rate
New business	52.8	51.9	-	Growth, slower rate
Backlogs of work	49.3	47.1	-	Contracting, faster rate
Input prices	51.4	53.6	+	Higher costs, faster rate
Employment	45.1	45.3	+	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 Economics, in Australia by AiG and in New Zealand by Business NZ. These countries together account for an estimated 60% 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.

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	–	www.ism.ws
Eurozone	17.7	Markit	–	www.markit.com
Japan	12.8	Markit	Nomura	www.nomura.co.jp
China	6.5	Markit	HSBC	www.hsbc.com
Germany	5.2	Markit	–	www.markit.com
United Kingdom	4.3	Markit	CIPS	www.cips.org
France	3.8	Markit	CDAF	www.cdaf.asso.fr
Italy	2.9	Markit	ADACI	www.adaci.it
Brazil	2.1	Markit	HSBC	www.hsbc.com
India	2.0	Markit	HSBC	www.hsbc.com
Spain	1.8	Markit	AERCE	www.aerce.org
Australia	1.3	AIG	Commonwealth Bank	www.aigroup.asn.au , www.commbank.com.au
Russia	1.1	Markit	VTB Capital	www.vtb.com
Hong Kong	0.6	Markit	HSBC	www.hsbc.com
Ireland	0.3	Markit	NCB Stockbrokers	www.ncbdirect.com
New Zealand	0.2	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz



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Markit Economics is a specialist compiler of business surveys and economic indices, including the Purchasing Managers' Index (PMI) series, which is now available for 26 countries and key regions including the Eurozone and BRIC. The PMIs have become the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends.



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The **International Federation of Purchasing and Supply Management (IFPSM)** is the union of 42 national purchasing associations worldwide. Within this circle, about 200,000 purchasing professionals can be reached. IFPSM is a non-political, independent and non-profit oriented international organisation, registered in Aarau, Switzerland. IFPSM 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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