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J.P.Morgan Global Manufacturing PMI™

Global manufacturing sees faster growth in February

Key findings

Manufacturing PMI at 53.9 in February

Business optimism rises to 81-month record

Cost inflation at near-decade high

February saw a slight growth acceleration in global manufacturing production, keeping the rate of expansion among the best registered over the past decade. However, the industry remained beset by supply-chain disruptions and rising cost inflationary pressures.

At 53.9 in February, up from 53.6 in January, the J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – rose to a three-year high. The PMI has signalled expansion in each of the past eight months.

Notes: Due to later-than-usual release dates, February 2021 data for South Korea and Taiwan were not available for inclusion in the global manufacturing figures.

23 out of the 29 nations for which February data were available had a PMI reading above the 50.0 mark. Only Greece, Kazakhstan, Malaysia, Thailand, Mexico and Myanmar saw contractions. The fastest improvement was signalled for Germany, followed by the Netherlands, the US and then Brazil. Growth in China (nine-month low) and Japan (first rise in almost two years) were both below the global average.

Global manufacturing output rose at a slightly quicker pace in February, despite growth of new order intakes easing to a five-month low. Although the trend in international trade remained relatively subdued, the rate of expansion in new export business nonetheless gathered pace.

Data broken down by sector indicated growth of both output and new orders across the consumer, intermediate and investment goods industries. The fastest rate of expansion in production was in the investment goods category and the slowest at consumer goods producers.

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J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

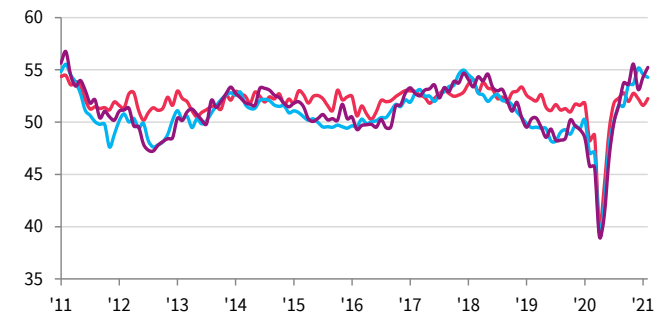


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

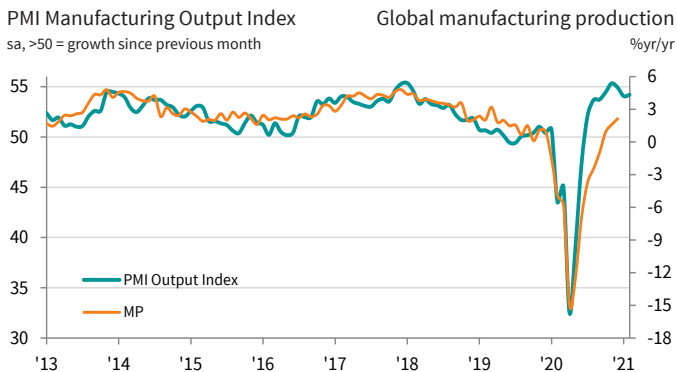


Sources: J.P.Morgan, IHS Markit.

Index summary

sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Jan-21	Feb-21	Interpretation
PMI	53.6	53.9	Improvement, faster rate
Output	54.1	54.2	Growth, faster rate
New Orders	54.2	53.8	Growth, slower rate
New Export Orders	50.2	51.1	Growth, faster rate
Future Output	64.4	67.2	Growth expected, better sentiment
Employment	50.3	50.6	Growth, faster rate
Input Prices	62.5	64.9	Inflation, faster rate
Output Prices	55.0	55.6	Inflation, faster rate



Sources: J.P.Morgan, IHS Markit.

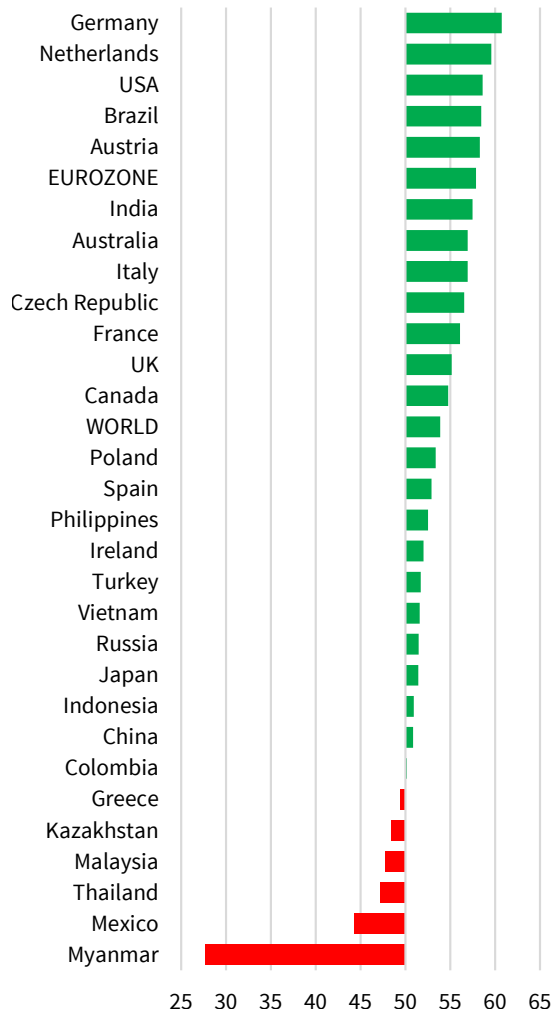
The combination of rising backlogs of work, which increased for the seventh successive month, and improved business optimism encouraged further job creation during February. Positive sentiment hit an 81-month high.

Staffing levels rose for the fourth month running in February. Although the pace of jobs growth was only marginal, it was the steepest since March 2019. Increases were seen in the US (77-month high), the euro area (two-year high and first increase in 22 months), the UK and Brazil among others. China, Japan and India all registered lower employment.

The global manufacturing sector remained beset by supply-chain disruption, delivery delays and rising cost inflationary pressures. Average supplier lead times lengthened to the second-greatest extent in the survey history, with almost all of the nations covered reporting an increase (India and Thailand were the only exceptions).

With rising demand for inputs chasing restricted supply, average input prices increased for the ninth month in a row. Part of the rise in costs was passed onto clients through higher charges. Rates of inflation in both price measures hit near-decade highs, with developed nations seeing (on average) sharper increases than emerging markets.

Manufacturing PMI
sa, >50 = improvement since previous month
Feb '21



Sources: J.P.Morgan, IHS Markit, Unicredit Bank Austria, Caixin, Davivienda, BME, HPI, AIB, Jibun Bank, NEVI, AERCE, Istanbul Chamber of Industry, CIPS.

Comment

Olya Borichevska, Global Economist at J.P.Morgan, said:

“The February global manufacturing PMI shows the economy continuing to show resilience against the second wave, as current output and new order ticked higher on the month. In addition to positive news on current work flow, business confidence employment improved. The rise in the future output PMI left the index at a high since mid-2014. To be sure, we continue watching manufacturing dynamics as supply-chain disruptions and rising cost pressures may constrain growth in the months ahead.”

Methodology

The J.P.Morgan Global Manufacturing PMI™ is produced by IHS Markit in association with ISM and IFPSM.

Global manufacturing PMI indices are compiled by IHS Markit from responses to monthly questionnaires sent to purchasing managers in survey panels in over 40 countries (see table, right for full coverage), totalling around 13,500 companies. These countries account for 98% of global manufacturing value added*.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Indices are calculated for the following variables: output, new orders, new export orders, future output, backlogs of work, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods, input prices and output prices.

Global manufacturing indices are calculated by weighting together the country indices. Country weights are calculated from annual manufacturing value added*.

The headline figure is the Global Manufacturing Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five global indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact economics@ihsmarkit.com.

The J.P.Morgan Global Manufacturing PMI provides the first indication each month of world manufacturing business conditions. 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 indices, 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.

* Source: World Bank World Development Indicators.

Data sources

Region	Producer	In association with
Australia	IHS Markit	-
Austria	IHS Markit	Unicredit Bank Austria / OPWZ
Brazil	IHS Markit	-
Canada	IHS Markit	-
China (mainland)	IHS Markit	Caixin
Colombia	IHS Markit	Davivienda
Czech Republic	IHS Markit	-
Denmark	DILF	Kairoscommodities
Egypt*	IHS Markit	-
France	IHS Markit	-
Germany	IHS Markit	BME
Greece	IHS Markit	HPI
Hong Kong SAR ^{1*}	IHS Markit	-
Hungary	HALPIM	-
India	IHS Markit	-
Indonesia	IHS Markit	-
Ireland	IHS Markit	AIB
Israel	IPLMA	Bank Hapoalim Ltd
Italy	IHS Markit	-
Japan	IHS Markit	au Jibun Bank
Kazakhstan	IHS Markit	Tengri Partners
Kenya*	IHS Markit	Stanbic Bank
Lebanon*	IHS Markit	BLOMINVEST Bank
Malaysia	IHS Markit	-
Mexico	IHS Markit	-
Myanmar	IHS Markit	-
Netherlands (The)	IHS Markit	NEVI
New Zealand	Business NZ	Bank of New Zealand
Nigeria*	IHS Markit	Stanbic IBTC Bank
Philippines (The)	IHS Markit	-
Poland	IHS Markit	-
Russia	IHS Markit	-
Saudi Arabia*	IHS Markit	-
Singapore*	IHS Markit	-
South Africa*	IHS Markit	-
South Korea	IHS Markit	-
Spain	IHS Markit	AERCE
Switzerland	procure.ch	Credit Suisse
Taiwan	IHS Markit	-
Thailand	IHS Markit	-
Turkey	IHS Markit	Istanbul Chamber of Industry
UAE*	IHS Markit	-
United Kingdom	IHS Markit	CIPS
United States ²	IHS Markit / ISM	-
Vietnam	IHS Markit	-

*Indices calculated from manufacturing responses extracted from survey panels covering the entire private sector economy.

¹Hong Kong is a Special Administrative Region of China.

²US data compiled by ISM pre-February 2010 and by IHS Markit post-January 2010.

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About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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About IFPSM

The International Federation of Purchasing and Supply Management (IFPSM) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. 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. The term procurement is taken to embrace purchasing, materials management, logistics, supply chain management and strategic sourcing. IFPSM is a non-political, independent and non-profit oriented International Organization. www.ifpsm.org

About ISM

Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Mastery Model®. www.instituteforsupplymanagement.org

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