

News Release

MARKET SENSITIVE INFORMATION
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J.P.Morgan Global Manufacturing PMI™

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

Global manufacturing remains lacklustre in August

The current downturn in the global manufacturing sector was extended to a fourth month in August. New orders contracted at the joint-fastest rate in nearly seven years, led by the steepest reduction in international trade volumes since late-2012. The outlook also darkened, with business optimism dropping to its lowest level since it was first tracked by the survey in July 2012.

At 49.5 in August, up slightly from July's 81-month low of 49.3, the J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – remained below the neutral 50.0 mark for the fourth month running, its longest sequence in contraction territory since 2012.

Over half of the nations covered by the survey had a PMI reading below the 50.0 mark. The steepest rates of decline were signalled for Germany and the Czech Republic. Among the largest industrial countries, growth was registered in the USA and China, whereas downturns were seen in the eurozone and Japan.

Manufacturing production rose slightly in August, following back-to-back contractions in the prior two months. The trend in new orders continued to weaken, however, with inflows decreasing at the joint-quickest pace since September 2012. Sector data indicated that output and new business increased at consumer goods producers, in contrast to contractions in both the intermediate and investment goods industries. New export order intakes fell across all three sub-sectors.

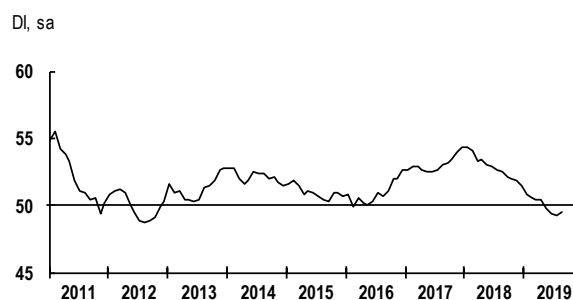
Manufacturing employment declined for the fourth successive month in August. Job losses were registered in China and the euro area, while staffing levels were raised in the USA and Japan. The global industrial slowdown was the main factor discouraging job creation. It also led to reduced purchasing activity and a dip in business confidence to a series-record low.

Price pressures remained largely contained in the global manufacturing sector during August. Input costs rose only slightly and at the slowest pace during the current 41-month sequence of increases. Output charges fell for the first time since March 2016, mainly due to a sharp decrease in China.

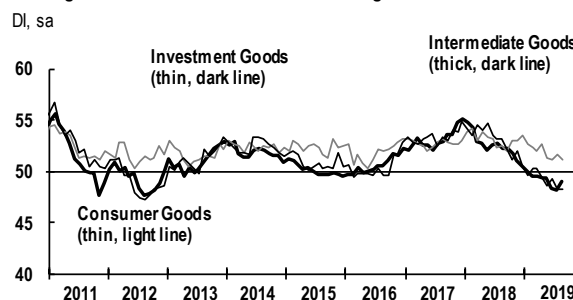
Commenting on the survey, Olya Borichevska, from Global Economic Research at J.P.Morgan, said:

“While the global manufacturing output PMI increased in August, its level remained low signaling very modest growth in manufacturing output. Away from the output index, detail of the PMI report points to weakening in activity. New order intakes fell at the joint-fastest pace in nearly seven years, business optimism dropped to a series-record low, international trade flows weakened and the cyclically sensitive orders-to-inventory ratio hit its joint-lowest level since late-2012. Geopolitical uncertainty weighing on business capital investment remains the main drag on global industry. Developments on this front need to improve for industry to lift.”

JPMorgan Global Manufacturing PMI



JPMorgan Global PMI Sectors: Manufacturing PMI



Global Manufacturing PMI™ Summary

50 = no change on prior month.

Index	Jul.	Aug.	+/-	Summary
Global PMI	49.3	49.5	+	Falling, slower rate
Output	49.4	50.1	+	Rising, from falling
New Orders	49.2	49.0	-	Falling, faster rate
New Exports	48.3	47.5	-	Falling, faster rate
Employment	49.2	49.6	+	Falling, slower rate
Input Prices	50.9	50.2	-	Rising, slower rate
Output Prices	50.0	49.5	-	Falling, from no change
Future Output	57.4	56.7	-	Positive, lesser extent

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Notes to Editors:

The Global Report on Manufacturing is compiled by IHS Markit based on the results of surveys covering over 13,500 purchasing executives in over 40 countries. Together these countries account for an estimated 98% of global manufacturing output². 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.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ : After January 2010 Before Feb-2010	21.6%	IHS Markit ISM	– –	www.ihsmarkit.com/products/pmi.html www.ism.ws
China	12.7%	IHS Markit	Caixin	www.caixin.com
Japan	7.7%	IHS Markit	Jibun Bank	www.jibunbank.co.jp
Germany	4.8%	IHS Markit	BME	www.bme.de
France	3.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
United Kingdom	3.5%	IHS Markit	CIPS	www.cips.org
India	3.3%	IHS Markit	–	–
Brazil	2.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Italy	2.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Canada	2.4%	IHS Markit	–	–
Russia	2.1%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Spain	1.9%	IHS Markit	AERCE	www.aerce.org
Australia	1.7%	IHS Markit	Commonwealth Bank	www.commbank.com.au
South Korea	1.7%	IHS Markit	–	–
Mexico	1.6%	IHS Markit	–	www.ihsmarkit.com
Turkey	1.5%	IHS Markit	Istanbul Chamber of Industry	www.ihsmarkit.com/products/pmi.html
Indonesia	1.4%	IHS Markit	–	–
Netherlands (The)	1.1%	IHS Markit	NEVI	www.nevi.nl
Saudi Arabia ³	0.9%	IHS Markit	–	–
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Poland	0.7%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Taiwan	0.6%	IHS Markit	–	–
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
Austria	0.5%	IHS Markit	Unicredit Bank Austria	www.bankaustria.at , www.opwz.com
South Africa ³	0.5%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Thailand	0.5%	IHS Markit	–	–
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Denmark	0.4%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
Singapore ³	0.4%	IHS Markit	–	–
Philippines (The)	0.4%	IHS Markit	–	–
Israel	0.4%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , www.bankhapoalim.co.il
Hong Kong ³	0.4%	IHS Markit	–	–
Egypt ³	0.3%	IHS Markit	–	–
Greece	0.3%	IHS Markit	HPI	www.hellenicsupply.org
Czech Republic	0.3%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Vietnam	0.2%	IHS Markit	–	–
Hungary	0.2%	HALPIM	–	www.logisztika.hu
Myanmar	0.1%	IHS Markit	–	–
Kenya ³	0.1%	IHS Markit	Stanbic Bank	www.stanbicbank.co.ke
Lebanon ³	0.1%	IHS Markit	BLOMINVEST Bank	www.blominvestbank.com

¹ Data from the IHS 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 Source: World Bank World Development Indicators (2017 data, constant US\$ measure).

³ For these nations, manufacturing sector responses are extracted from whole economy PMI surveys for inclusion in the Global Manufacturing PMI

Methodology: Global Manufacturing PMI™ Indices

The Global Manufacturing PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Global Manufacturing PMI™ indices are weighted according to national contributions to global manufacturing gross value added. 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 2010 US\$, with all national currencies converted to 2010 US\$ by the World Bank using DEC alternative conversion factors.

J.P.Morgan



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