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J.P.Morgan Global Manufacturing PMI™

Solid upturn in global manufacturing continues but stretched supply chains drive up costs

Key findings

Global Manufacturing PMI at 55.5 in June

Employment, output and new orders all rise

Supplier delivery times lengthen to record extent

Global manufacturing remained in a strong growth phase in June, with output, new orders and employment all rising and business optimism at robust levels. However, stressed global supply chains continued to disrupt production schedules and delay input deliveries resulting in sharp price increases.

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – dipped slightly to 55.5 in June, down from May's 11-year high of 56.0. The PMI has signalled expansion in each of the past 12 months.

Notes: A later-than-usual release date meant June data for Canada were not available for inclusion in the global manufacturing figures.

Out of the 30 nations for which June data were available, 22 saw operating conditions improve (as signalled by a PMI reading above 50.0). However, half of these also saw their rates of expansion slow compared to the previous month.

Europe remained a bright spot within global manufacturing, with the top-seven ranked countries all located in this region. The US was in eighth position overall, with Australia the next-highest non-European country in thirteenth. Asia continued to underperform (on average) compared to the global average. PMI readings for China and Japan slipped to three- and four-month lows respectively, while India fell back into contraction (breaking a ten-month sequence of growth).

The three sub-sectors covered by the survey (consumer, intermediate and investment goods) all registered PMI readings above the neutral 50.0 mark in June. However, rates of expansion also eased in all three. The strongest growth was at investment goods producers, followed by intermediate goods and then consumer goods.

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

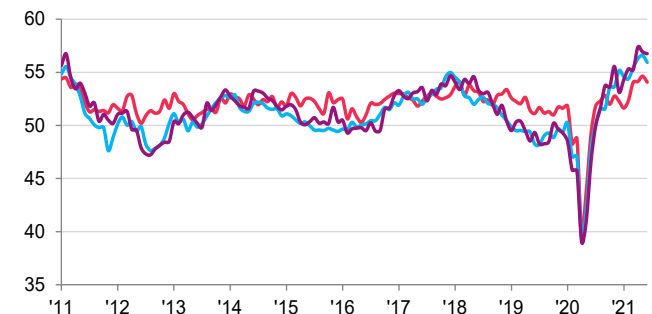


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



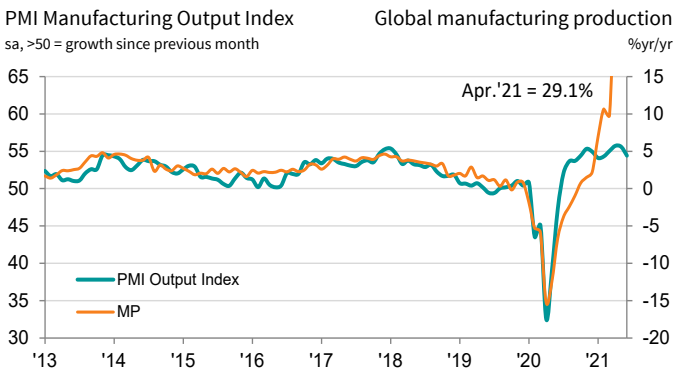
Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	May-21	Jun-21	Interpretation
PMI	56.0	55.5	Improvement, slower rate
Output	55.6	54.4	Growth, slower rate
New Orders	57.3	55.8	Growth, slower rate
New Export Orders	54.9	53.2	Growth, slower rate
Future Output	65.1	66.1	Growth expected, better sentiment
Employment	52.5	52.6	Growth, faster rate
Input Prices	71.7	70.6	Inflation, slower rate
Output Prices	62.6	60.9	Inflation, slower rate

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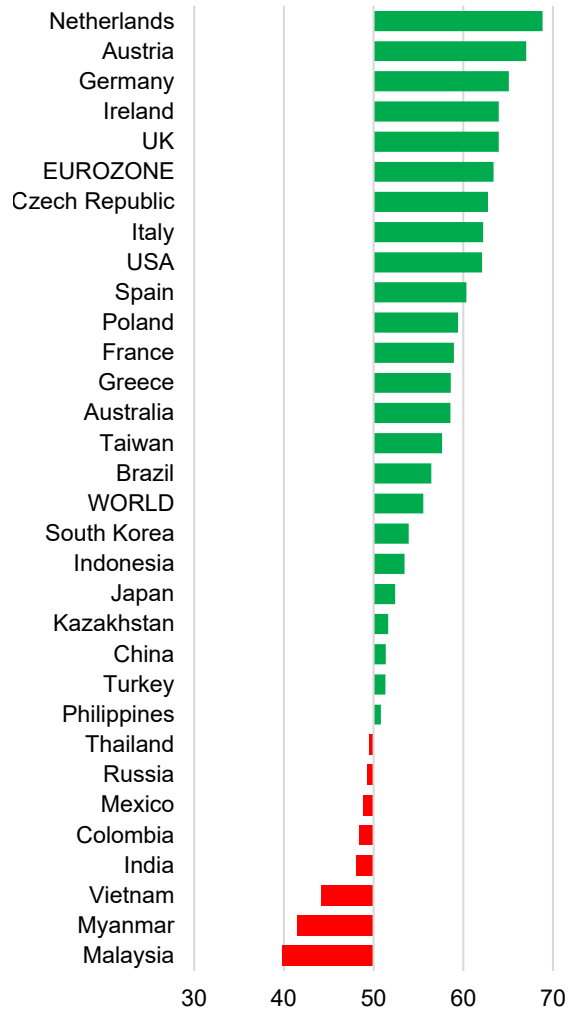
Sources: J.P.Morgan, IHS Markit.

Manufacturing production rose again in June, albeit at the slowest pace for four months. Output growth was supported by solid intakes of new work, including improved international trade flows. However, stretched global supply chains constrained output growth, leading to a further marked accumulation of backlogs of work at factories.

Average vendor lead times lengthened to the greatest extent in the near 24-year survey history during June. Companies raised their level of input purchasing and built-up inventories to try and guard against further supply-chain disruptions. However, with demand outstripping supply, cost inflationary pressures continued to build.

Average input prices rose to one of the greatest extents in the survey history. The pass-through of higher costs also led to a further marked increase in factory gate selling prices.

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



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

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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