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## J.P.Morgan Global Manufacturing PMI™

### Global manufacturing recovery continues at end of third quarter

#### Key findings

Production and new work intakes increase again

New export orders rise for first time since August 2018

Pace of job losses eases

The upturn in the global manufacturing sector continued during September. Output and new orders both rose for the third successive month, while new export business expanded for the first time in over two years. Business sentiment hit its highest level since May 2018.

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 25-month high of 52.3 in September, up from 51.8 in August. The headline PMI has signalled expansions in each of the past three months. Out of the 29 nations for which PMI data were available, 21 registered growth during the latest survey month.

*Notes: Due to later-than-usual release dates, September 2020 manufacturing PMI data for South Korea and Taiwan were not available for inclusion in the global figures.*

The rate of increase in manufacturing production remained close to August's 28-month record. Faster expansions in the US and the eurozone were partly offset by slower growth in China and the UK and ongoing contraction in Japan. Sub-sector PMI data signalled that the upturn remained broad-based, with expansions signalled across the consumer, intermediate and investment goods industries. Growth accelerated to a near ten-year high at investment goods producers, but eased in the other two categories.

Underpinning higher production volumes was a further increase in new business. New order intakes rose at the quickest pace in almost two-and-a-half years, boosted by the first increase in international goods trade since August 2018. Concurrent expansions in new export business were seen across the three product categories covered by the survey (consumer, intermediate and investment) for the first time since May 2018.

*Continued on next page.*

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

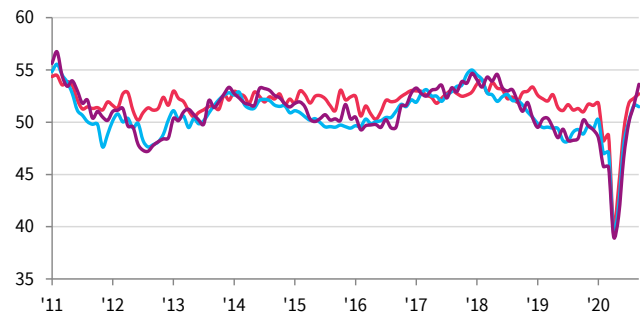


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

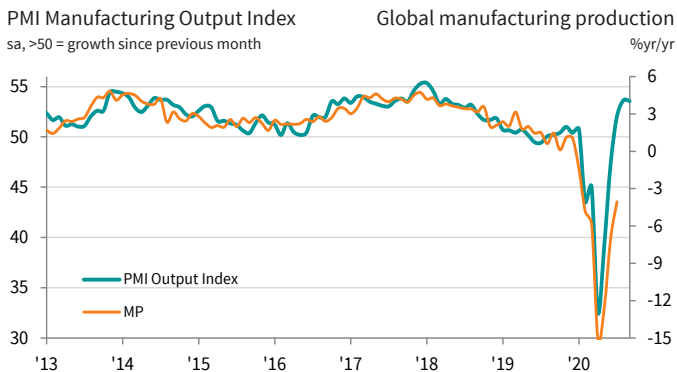


Sources: J.P.Morgan, IHS Markit.

Index summary

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

| Index             | Aug-20 | Sep-20 | Interpretation                    |
|-------------------|--------|--------|-----------------------------------|
| PMI               | 51.8   | 52.3   | Improvement, faster rate          |
| Output            | 53.6   | 53.5   | Growth, slower rate               |
| New Orders        | 52.8   | 53.6   | Growth, faster rate               |
| New Export Orders | 49.9   | 51.7   | Growth, from declining            |
| Future Output     | 60.8   | 61.8   | Growth expected, firmer sentiment |
| Employment        | 48.6   | 49.5   | Decline, slower rate              |
| Input Prices      | 54.5   | 54.7   | Inflation, faster rate            |
| Output Prices     | 51.5   | 51.5   | Inflation, same rate              |



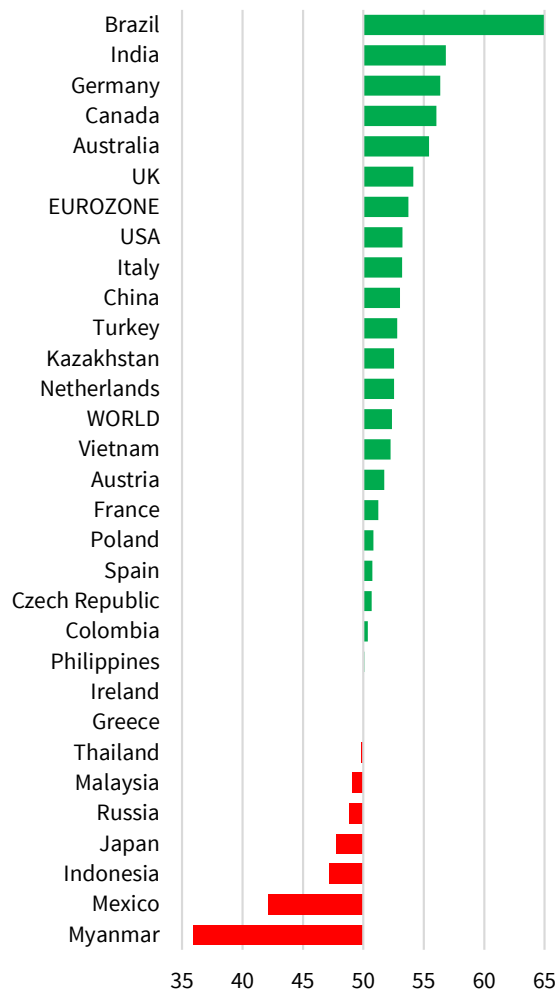
September saw global manufacturing employment decline for the tenth successive month. However, the rate of job shedding was only marginal and the slowest since January. Staffing levels were raised in the US and China, but reduced in the eurozone and Japan.

Global supply chains remained stretched by the upturn in demand for inputs as economies across the globe reopened. Purchasing activity rose for the second month running and to the greatest extent since June 2018. Meanwhile, average vendor lead times increased for the fourteenth month in a row. Stocks of purchases and finished goods were both depleted further in September.

Input cost inflation accelerated to its highest level since the end of 2018 during September, leading to a further increase in manufacturers' output charges. Both price measures were (on average) higher in emerging markets compared to their developed nation counterparts.

Business optimism improved to a 28-month high during September, with confidence strengthening across the consumer, intermediate and investment goods industries. The highest degree of positivity was registered at investment goods producers.

Manufacturing PMI  
sa, >50 = improvement since previous month  
Sep '20



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 global industrial sector continued its recovery in September. While overall the September manufacturing PMIs disappointed, there were a number of positive aspects in the report. Against a decline in the output index, the new orders PMI and its ratio to finished goods inventory both increased suggesting a near term gain in the output index. Overall we think the recovery should be sustained as the re-opening of economies continues. The labour market remains subdued, with the level in the employment PMI depressed. That said, pockets of jobs growth raise the possibility that the retrenchment on this front is softening.”*

## Methodology

The J.P.Morgan Global Manufacturing PMI™ is produced by IHS Markit in association 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](mailto: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 <sup>1*</sup> | 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 <sup>2</sup>  | IHS Markit / ISM | -                             |
| Vietnam                     | IHS Markit       | -                             |

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

<sup>1</sup>Hong Kong is a Special Administrative Region of China.

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

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## About J.P.Morgan

JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands [www.jpmorganchase.com](http://www.jpmorganchase.com).

## 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](http://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](http://www.instituteforsupplymanagement.org)

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