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J.P.Morgan Global Manufacturing PMI™

Global Manufacturing PMI slumps to lowest level since financial crisis of 08/09

Key findings

Output and new orders fall at near-record rates

New export intakes fall to greatest extent on record

Business confidence at lowest ebb in series history

The economic disruption resulting from the outbreak of coronavirus disease 2019 (COVID-19) continued to hit global industry hard during April. Rates of contraction in output and new orders were among the steepest registered in the 22-year survey history and the worst since the global financial crisis of 2008/09. Business confidence took a severe knock, falling to a fresh record-low. The cyclically-sensitive new orders-to-inventory ratio also fell to its lowest ever level.

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – fell to 39.8 in April, its lowest level since March 2009. The downturn in the headline index was softened by the recent relative resilience of the Mainland China PMI. The Global Excluding Mainland China PMI reading was 35.8, down from 46.2 in March.

Please note that due to a later release date, final numbers for the Thailand Manufacturing PMI were not available to include in the Global PMI calculation.

Manufacturing production and new orders suffered similarly steep contractions during April, with rates of reduction the third and fourth sharpest in the survey history respectively. International trade flows also ground to a sudden halt, with new export order intakes falling to the greatest extent on PMI record. New Export Orders indices fell to record lows in almost all nations, the exceptions being Japan, China and Taiwan (which still signalled declines nonetheless).

The vast majority of the nations covered saw their output and new orders indices drop to series lows. This included all of the countries included in the eurozone PMI (Germany, France, Italy, Spain, the Netherlands, Austria, Ireland, and Greece), the UK, Poland, Russia, Czech Republic, Canada,

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J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

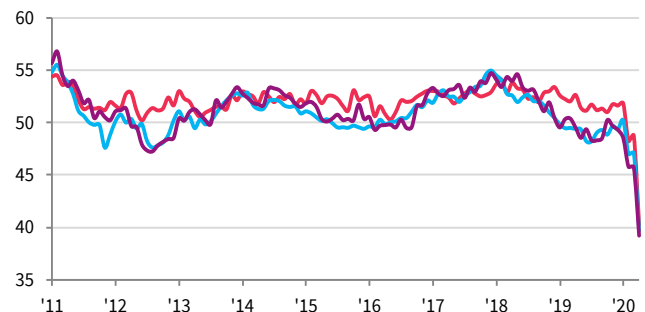


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

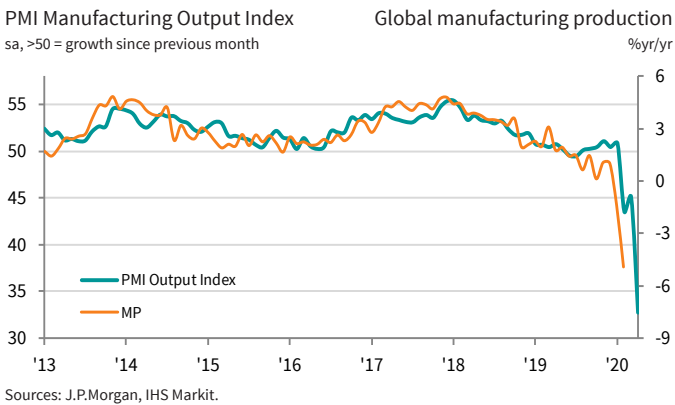


Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Mar-20	Apr-20	Interpretation
PMI	47.3	39.8	Deterioration, faster rate
Output	45.0	32.7	Decline, faster rate
New Orders	43.3	31.8	Decline, faster rate
New Export Orders	42.9	27.3	Decline, faster rate
Future Output	52.1	47.4	Decline expected, record low
Employment	47.3	41.6	Decline, faster rate
Input Prices	50.1	47.4	Decline, from rising
Output Prices	48.9	46.8	Decline, faster rate



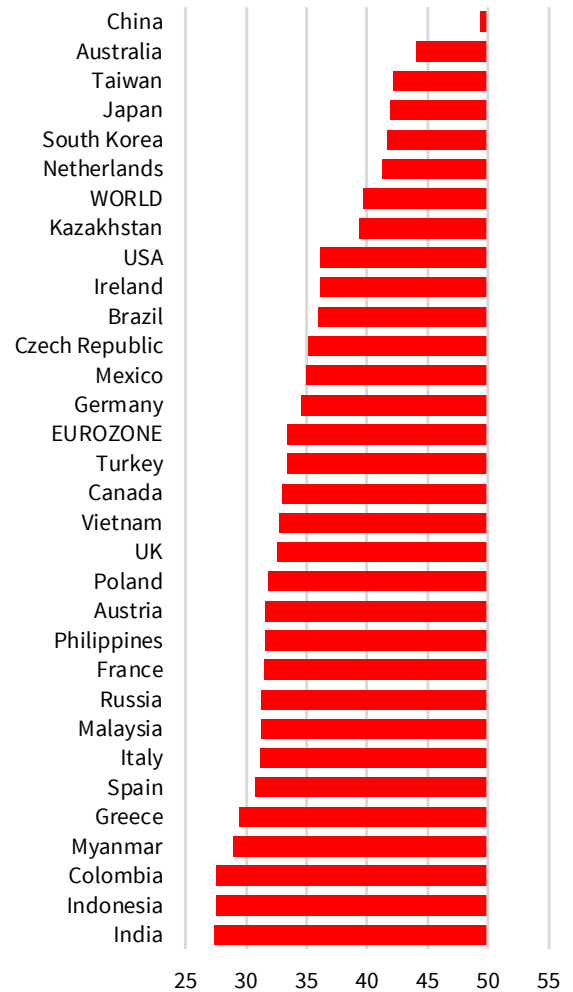
Mexico, India, Turkey, Indonesia, Vietnam, Malaysia, the Philippines, Australia, Brazil, Colombia, Myanmar and Kazakhstan.

Other nations tended to see near-record reductions, including the US, Japan and South Korea. The main exception was China, which was the only nation to see a slight increase in production and by far the weakest decrease in new order intakes. If China data are excluded from the global index calculations for output and new orders the readings would be the lowest and second-lowest on record, respectively

Global manufacturing employment fell at the quickest pace in almost 11 years in April. All of the nations covered saw staffing levels decline, with almost all also seeing accelerated job losses. This included 13 countries registering a survey-record drop in workforce numbers (including the UK, India, South Korea, Canada, Mexico, Australia, Malaysia, Vietnam and Indonesia).

April saw both input costs and selling prices fall. The rate of decline in output charges was the steepest in the series history. COVID-19 caused massive disruption to global supply chains, with average vendor delivery delays the steepest in the 22-year survey history.

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



Sources: J.P.Morgan, IHS Markit, Commonwealth Bank, 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 continued impact of the global COVID-19 pandemic caused significant disruption to industrial activity during April. Output and new orders contracted at near survey-record rates as demand, international trade flows and economic sentiment were all constrained by restrictions to stop the virus spreading, company closures and shortages of material and labour. Only time will tell how permanent the damage to global supply chains is, although moves in many nations to loosen lockdowns may provide a guide over the coming weeks and months.”

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.

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	Commonwealth Bank
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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