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J.P.Morgan Global Manufacturing PMI™

Global manufacturing upturn accelerates with firmer growth of production, demand and employment

Key findings

Manufacturing PMI at 55.8 in April

Supply-chain pressures remain intense

Record output price inflation as costs rise sharply

The global manufacturing upturn strengthened at the start of the second quarter. Production rose at the quickest pace in over a decade, as inflows of new work improved to the greatest extent in nearly 11 years. Pressure on capacity remained elevated, however, with average supplier lead times increasing to a record degree and the rate of growth in work backlogs at manufacturers hitting a 17-year high.

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 55.8 in April, its best reading since April 2010. Of the 24 nations for which national PMI data were available, 21 saw business conditions improve, compared to only three signalling contractions (Mexico, Myanmar and the Philippines).

Notes: Due to later-than-usual release dates, April 2021 data for Greece, Ireland, Kazakhstan, Poland, Russia, Thailand and Vietnam were not available for inclusion in the global manufacturing figures. Data for the UK are based on flash estimates released 23rd April.

Manufacturing production increased for the tenth successive month, led by solid expansions in the euro area (near survey-record growth), Australia, the UK and the US. Expansions were also signalled in China and Japan. By sector, growth was registered across the consumer (two-month low), intermediate (four-month high) and investment (129-month high) goods industries.

Underpinning the latest increase in output was a further substantial improvement in intakes of new work. Total new orders and new export business both rose at the quickest rates since May 2010. The outlook for the global manufacturing sector also strengthened, with optimism about future output levels remaining among the best signalled in the series history.

Continued on next page.

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

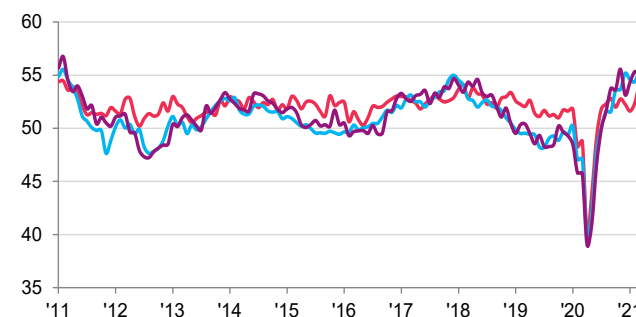


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

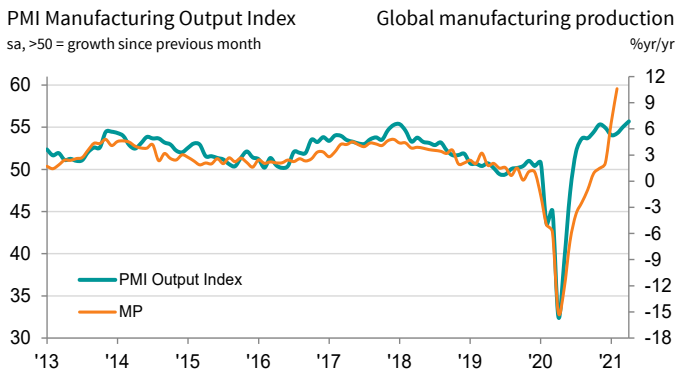


Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Mar-21	Apr-21	Interpretation
PMI	55.0	55.8	Improvement, faster rate
Output	55.0	55.7	Growth, faster rate
New Orders	55.8	56.7	Growth, faster rate
New Export Orders	53.5	54.7	Growth, faster rate
Future Output	66.5	66.6	Growth expected, better sentiment
Employment	51.6	52.5	Growth, faster rate
Input Prices	68.4	69.6	Inflation, faster rate
Output Prices	59.3	59.7	Inflation, faster rate



Along with the rising levels of output and new orders and longer supplier delivery times, the level of the headline PMI was also positively influenced by a mild increase in stocks of purchases and stronger jobs growth.

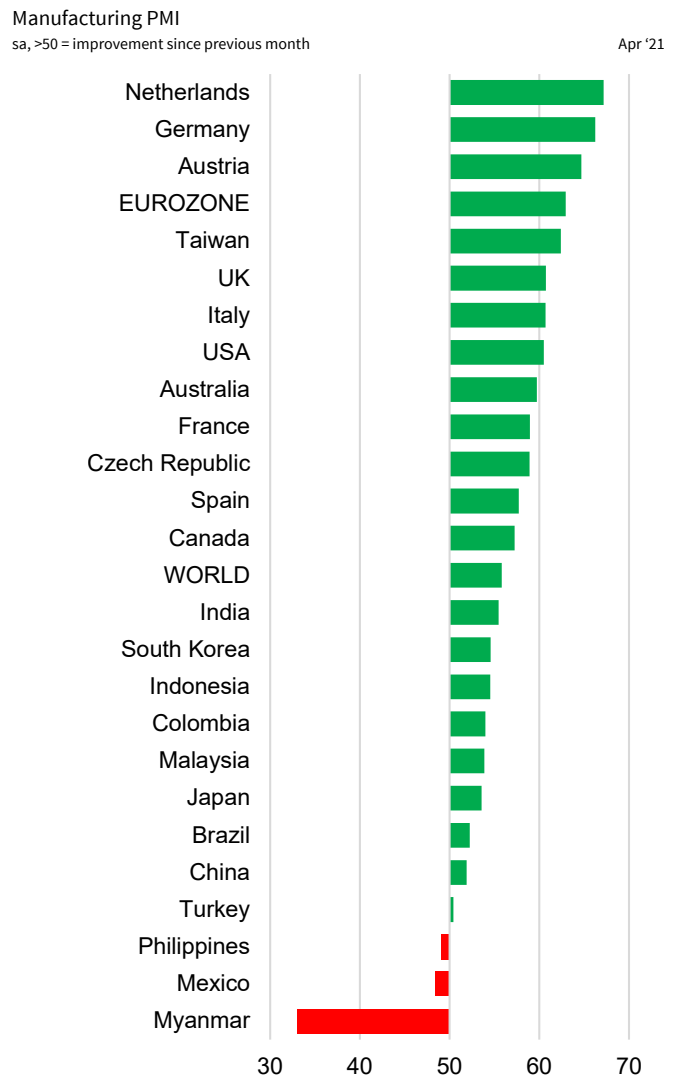
Employment rose for the sixth successive month, with the rate of increase hitting a 38-month high. Job creation was registered in almost all of the nations for which April data were available, the only exceptions being India, Indonesia, Malaysia, Mexico and Myanmar.

Cost inflationary pressures remained strong at the start of the second quarter, with average producer prices rising to the greatest extent in over a decade. Manufacturers passed part of this increase on to customers in the form of higher selling prices. Subsequently, output charges rose at the quickest pace since data on this price measure were first compiled in October 2009.

Comment

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

“The latest PMI surveys show how the gradual unwinding of COVID-19 restrictions in many parts of the world is driving an accelerated upturn in manufacturing activity. Rates of expansion in output and new orders were the strongest in over a decade, supporting renewed job creation. Constraints are still being felt across global supply-chains, however, with raw material delivery times lengthening and the resulting shortages leading increased inflationary pressures. Input costs rose at the fastest pace in a decade, leading to a series-record increase in factory gate prices.”



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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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.

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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