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# J.P.Morgan Global Manufacturing PMI™

## Global Manufacturing PMI at nine-month high in January

### Key findings

Global Manufacturing PMI rises to 50.4

Upturns in output and new business accelerate

Trend in new export orders moves closer to stabilising

The performance of the global manufacturing sector showed a further incremental improvement at the start of 2020. Rates of expansion in output and new orders accelerated, but remained consistent with only modest increases in both cases. The trends in employment and international trade volumes also moved closer to stabilising.

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 nine-month high of 50.4 in January, a reading only slightly above the stagnation mark of 50.0. The PMI posted 50.1 in December.

*Please note that due to a later release date, final numbers for the Mexico Manufacturing PMI were not available to include in the Global PMI calculation. Kazakhstan PMI data are now included in the global calculation. Historical time series data for the global manufacturing indices have been updated following the annual review of national weights.*

Sector PMI data indicated that the upturn was confined to the consumer and intermediate goods industries. Business conditions at consumer goods producers improved at the fastest pace for nine months, while the Intermediate Goods PMI signalled growth for the first time since December 2018. The downturn at investment goods producers continued, as output and new order inflows contracted further.

National PMIs signalled expansions for 14 out of the 30 countries for which January data were available. The strongest expansions were seen in India and Greece, while the US was just outside of the top-five. China also saw growth, while downturns were indicated for the euro area and Japan. The UK saw a stabilisation in manufacturing conditions.

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J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

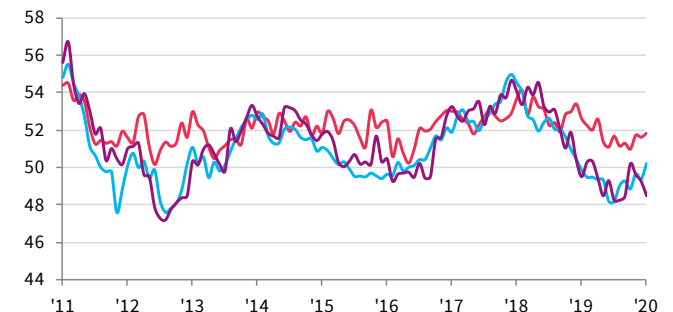


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

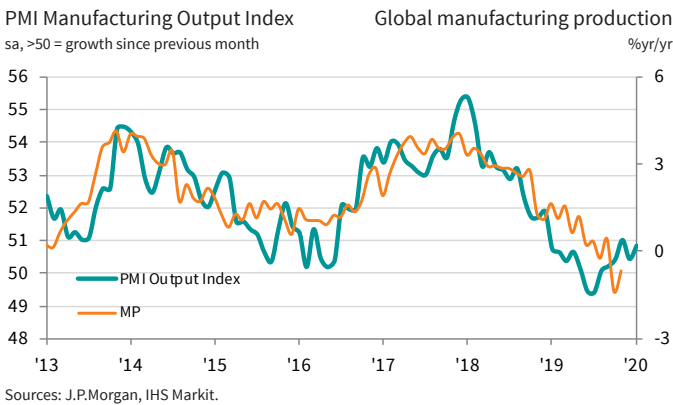


Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Dec-19	Jan-20	Interpretation
PMI	50.1	50.4	Improvement, faster rate
Output	50.4	50.8	Growth, faster rate
New Orders	50.3	50.9	Growth, faster rate
New Export Orders	49.2	49.5	Decline, slower rate
Future Output	58.0	60.9	Growth expected, greater extent
Employment	49.6	49.8	Decline, slower rate
Input Prices	51.3	51.8	Inflation, faster rate
Output Prices	51.0	50.6	Inflation, slower rate

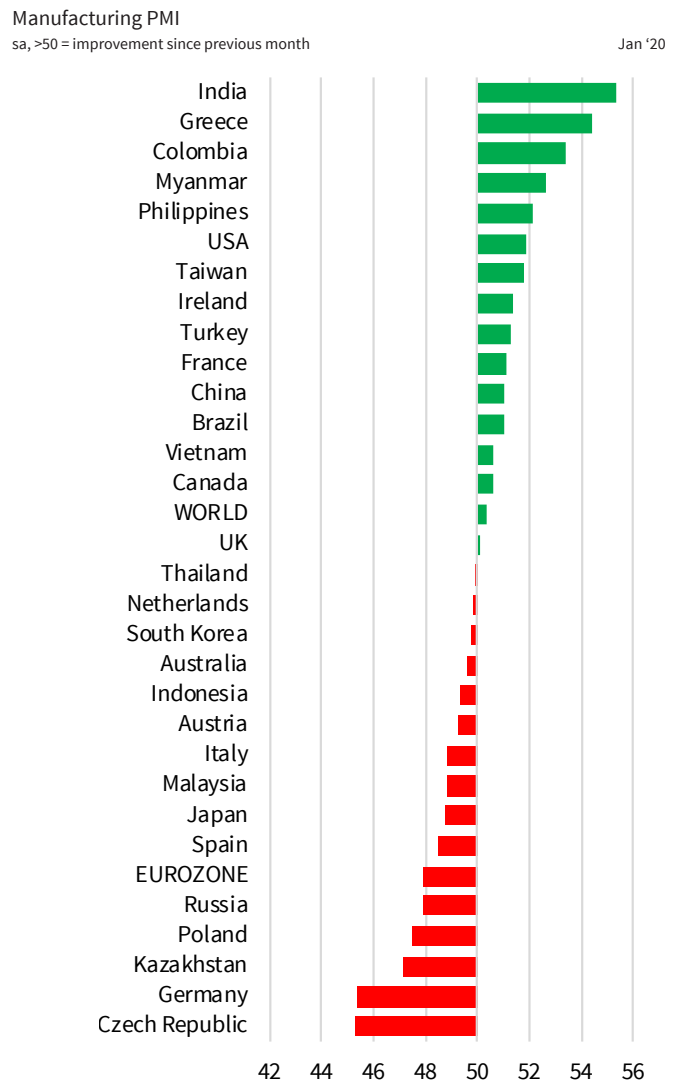


Measured overall, global manufacturing output rose for the sixth successive month in January, underpinned for a fourth consecutive expansion of new orders. Growth of new business hit a 13-month high, but was nonetheless lacklustre as the trend in new export business remained a constraint. International trade volumes declined for the seventeenth month running, despite moving closer to stabilising.

Global manufacturing employment fell for the eighth time in the past nine months in January. However, the rate of job losses was only slight overall. Among the largest industrial regions covered by the survey, staffing levels rose in the US, Japan, India, the UK and Brazil. Losses were registered in the euro area, China, South Korea and Australia.

The start of 2020 saw a mild uptick in the rate of input price inflation, which accelerated to a seven-month high in January. Part of the increase in costs was passed on in the form of higher output charges, which rose (albeit only slightly) for the third straight month.

Business optimism improved to a near one-and-a-half year high in January. Confidence strengthened (on average) in both emerging markets and developed nations, hitting 22- and 12-month records respectively.



### Comment

Olya Borichevska, from Global Economic Research at J.P.Morgan, said:

*“The global manufacturing PMI resumed its upward trajectory in January. Overall this suggests that the global economy is well positioned for a recovery in the goods sector. However, this will be interrupted by the outbreak of the nCoV in China. As for the PMI, the output index reached a high since January 2019 suggesting global IP growth at a 1%ar pace. Actual output contracted last quarter as idiosyncratic factors in Japan related to the consumption tax hike and the US related to the auto-sector strike played a role. With output, new orders and business confidence all rising the PMI in January send a positive message for the global industry.”*

## 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	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 <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	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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