

Embargoed until 1100 EST (1600 UTC) 1 December 2020

J.P.Morgan Global Manufacturing PMI™

Global manufacturing expands at one of fastest rates in almost a decade during November

Key findings

Manufacturing PMI at 53.7 in November

International trade volumes rise again

Employment ticks higher for first time in a year

November saw global manufacturing output expand at the fastest pace since January 2018 and at one of the best growth rates over the past decade. Demand continued to revive following earlier COVID-19 lockdowns, including a further rebound in international trade flows. There was also a mild increase in employment, as capacity constraints rose and business optimism hit a near six-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 – posted a 33-month high of 53.7, up from 53.0 in October, remaining above the neutral 50.0 mark for the fifth successive month.

Notes: Due to a later-than-usual release date, November 2020 data for Kazakhstan were not available for inclusion in the global figures.

Manufacturing output expanded for the fifth successive month in November, with growth registered across the three sub-industries covered by the survey. The steepest increase was at investment goods producers, where output rose to the greatest extent in almost a decade. Stronger growth was also registered in the consumer goods category (three-month high), while the rate of increase in the investment goods sector stayed close to October's 33-month record.

Greater divergences were evident between the performances of the nations covered by the survey. Of the 30 territories for which data were available, 19 registered expansions and 11 contractions. Growth was led by strong and accelerated increases in output in China and the US. The upturn in the euro area slowed, while the downturn in Japan extended into its twenty-third successive month.

The level of incoming new business rose at the quickest pace since January 2018. Alongside improved domestic demand

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

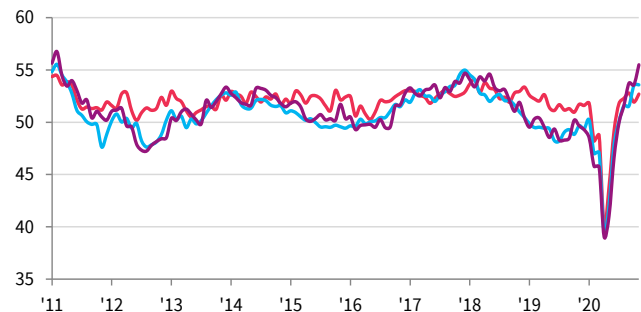


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



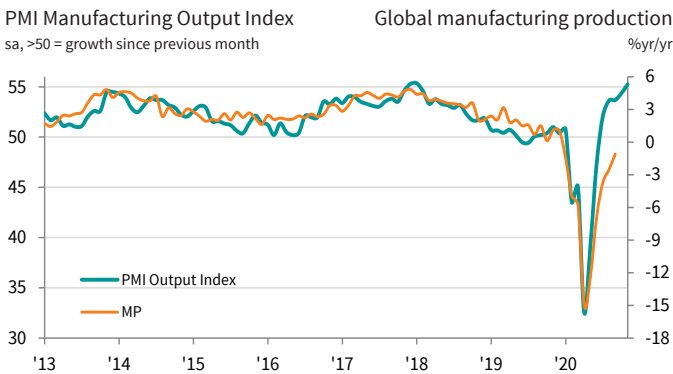
Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Oct-20	Nov-20	Interpretation
PMI	53.0	53.7	Improvement, faster rate
Output	54.3	55.2	Growth, faster rate
New Orders	54.9	55.0	Growth, faster rate
New Export Orders	51.2	51.7	Growth, faster rate
Future Output	63.3	65.3	Growth expected, firmer sentiment
Employment	49.5	50.1	Growth, from declining
Input Prices	55.2	57.4	Inflation, faster rate
Output Prices	52.0	53.2	Inflation, faster rate

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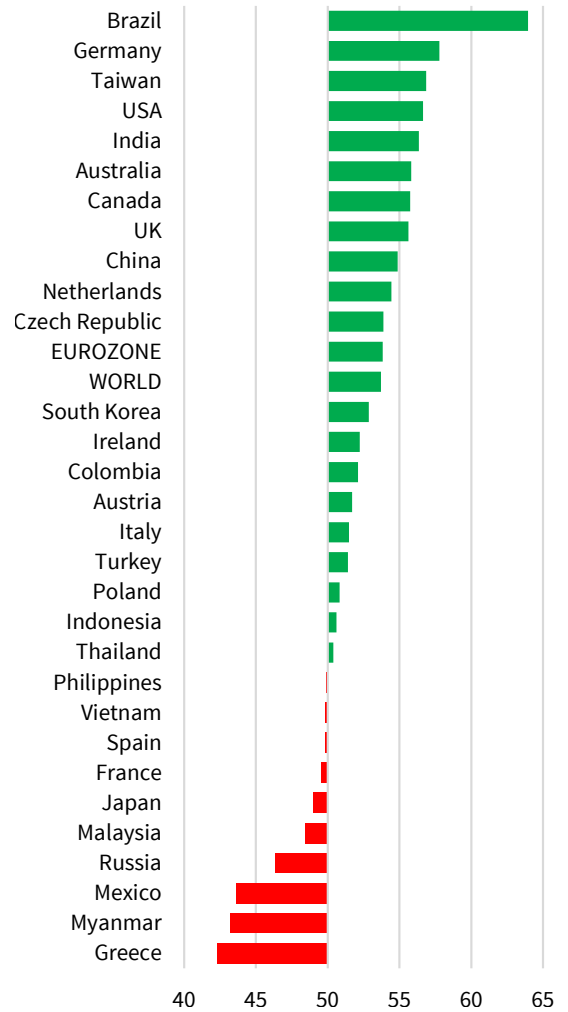
Sources: J.P.Morgan, IHS Markit.

in many nations there was also a further increase in new export business. New export orders expanded for the third month running and at the joint-highest rate in over two-and-a-half years. China, Germany, India, the UK, Taiwan, Brazil and South Korea were among the strongest-performing territories in terms of export order growth. The US also saw a slight increase, while Japan registered a further decline.

Manufacturing employment rose for the first time in 12 months during November, albeit only marginally. Jobs growth was seen in China and the US, in contrast to losses in the euro area and Japan. Higher staffing levels mainly reflected signs that the recent manufacturing recovery was testing capacity, such as a further increase in backlogs of work, and improved business confidence (which hit a 69-month record).

November saw input price inflation rise to a two-year high, leading to a further increase in average selling prices at manufacturers. Part of the rise in costs reflected higher demand for raw materials as purchasing activity expanded for the fourth month in a row. This increased pressure on already stretched supply chains, contributing to the greatest lengthening of average vendor lead times since May.

Manufacturing PMI
sa, >50 = improvement since previous month
Nov '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:

“Amid alarming virus developments in the US and across Europe, it is encouraging to see the global manufacturing PMI hold up in November. The seventh consecutive rise in the output index left the level at 55.2 in November. Internals of the survey were also positive. Regionally the PMIs highlight a split between strength in the US and Asia against weakness across Europe. This aligns with activity restrictions that have been put in place across Europe which are negatively impacting performance. By contrast, mobility data in the US show very little response to virus developments. Another encouraging aspect of today’s PMI report is the broad-based jolt higher in the future output PMI in November which might be related to vaccine hopes.”

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	–
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.

Contact

Olya Borichevska
Economic & Policy Research
J.P.Morgan Chase Bank
New York
olya.e.borichevska@jpmorgan.com

Rob Dobson
Director
IHS Markit
T: +44 1491 461 095
rob.dobson@ihsmarkit.com

Katherine Smith
Public Relations
IHS Markit
T: +1 781 301 9311
Katherine.Smith@ihsmarkit.com

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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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