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J.P.Morgan Global Manufacturing PMI™

Global manufacturing output rises again but price and supply shortage measures stay close to recent highs

Key findings

Manufacturing PMI edges lower to 54.2 in November

Output expands at slightly quicker pace...

...but increases in new orders and employment slow

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – edged down to 54.2 in November, little-changed from readings achieved in the prior three months. The headline PMI has now signalled improvements in business conditions for 17 consecutive months.

All five of the PMI components were at levels normally associated with positive trends in operating performance. Output, new orders, employment and stocks of purchases all continued to expand. Vendor delivery times also lengthened sharply, mainly reflecting the ongoing severe strain being experienced across global supply chains.

All three of the sub-sectors covered by the survey (consumer, intermediate and investment goods) registered PMI readings above the neutral 50.0 mark in November.

Of the 30 nations for which latest data were available, 26 saw expansions and four (China, Brazil, Mexico and Myanmar) registered contraction. The euro area remained a bright growth spot, with four of the five highest ranked countries (Italy, the Netherlands, Ireland and Greece) located in the currency bloc. The US was in sixth position overall.

Manufacturing production increased for the seventeenth successive month in November. Although still rising at a muted pace, output growth nonetheless accelerated to a four-month high. Rates of expansion accelerated in the US, the euro area and Japan, while China returned to growth after a three-month sequence of declines.

The volume of new orders rose again during November. The rate of increase eased to 15-month low, but remained steeper than that signalled for output for the ninth straight month. The rate of increase in new export business remained subdued, albeit quicker than in October.

Continued on next page.

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

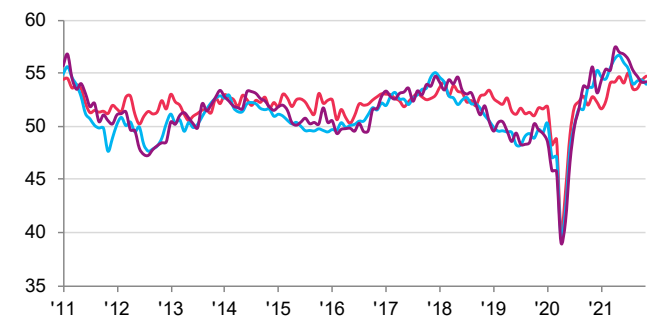


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

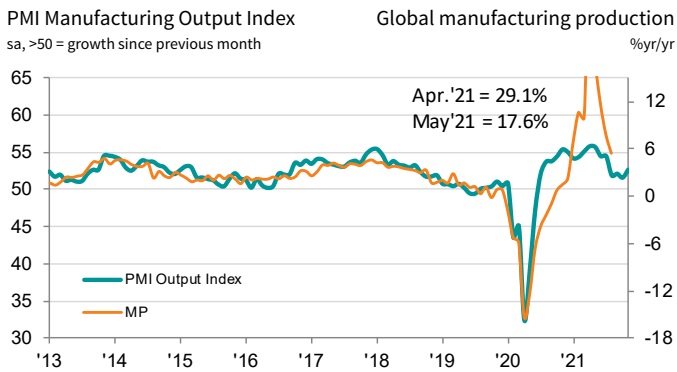


Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Oct-21	Nov-21	Interpretation
PMI	54.3	54.2	Improvement, slower rate
Output	51.5	52.6	Growth, faster rate
New Orders	53.7	53.3	Growth, slower rate
New Export Orders	50.6	51.4	Growth, faster rate
Future Output	63.3	64.3	Growth expected, better sentiment
Employment	51.8	51.4	Growth, slower rate
Input Prices	74.4	71.5	Inflation, slower rate
Output Prices	63.7	61.3	Inflation, slower rate



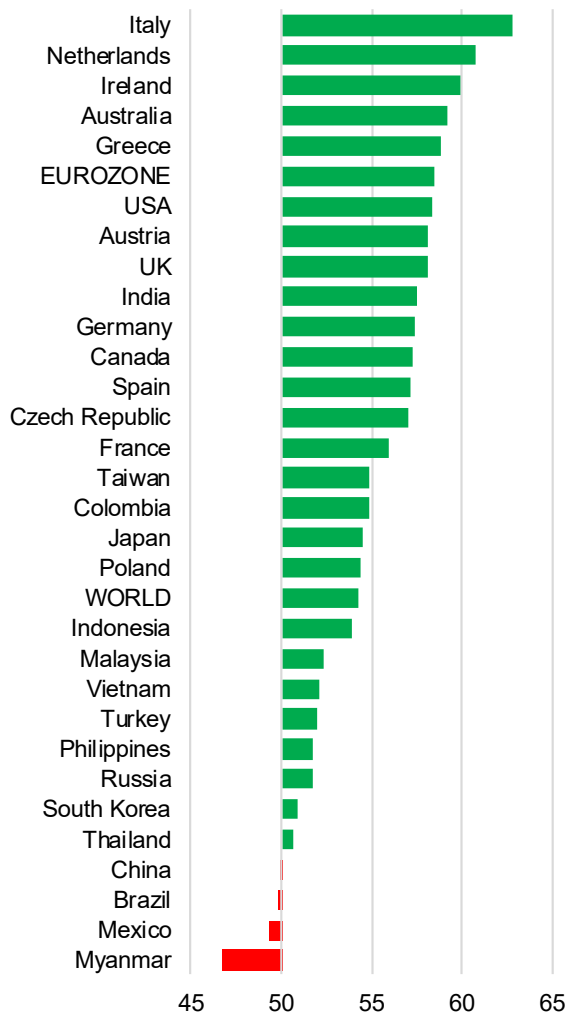
Sources: J.P.Morgan, IHS Markit.

The outlook for the global manufacturing sector also remained positive in November. Companies forecast (on average) that production would be higher one year from now, with the overall degree of confidence rising to a five-month high. Alongside optimism bred by the current upturn, manufacturers also expected a number of headwinds (including disruptions caused by supply chain stresses and COVID) to lessen during the coming year.

The combination of current growth and improving optimism underpinned job creation in November. Staffing levels rose for the thirteenth month in a row, with increases signalled in the US, the euro area and Japan while China was the largest nation to register a decline. Part of the latest expansion of global manufacturing employment reflected rising backlogs of work, which increased for a sixteenth straight month (albeit at the weakest pace since February).

Price inflationary pressures remained elevated during November. Although rates of increase in input costs and output charges eased, they remained among the steepest in the survey history. This was mainly the result of stretched global supply chains, which led to input shortages as demand outstripped supply. Suppliers' delivery times lengthened to one of the greatest extents on record, as they have done through much of 2021 to date.

Manufacturing PMI
sa, >50 = improvement since previous month



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:

“Today’s November Global Manufacturing PMI came in positive with an increase in the output component against a modest easing across indicators related to supply constraints. One negative in the reports is the decline in the new orders and employment PMIs. However, overall we view today’s news positively suggesting the industrial sector is moving toward improvement.”

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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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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