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## J.P.Morgan Global Manufacturing PMI™

### Global manufacturing sees expansion for first time since January, as output and new orders edge higher

#### Key findings

Headline PMI rises to six-month high of 50.3 in July

Output and new orders return to growth territory

International trade volumes fall at slower pace

The global manufacturing sector moved back into expansion territory in July, as output and new orders started to revive following the slump caused by the coronavirus disease 2019 (COVID-19) outbreak. Business sentiment also started to recover, hitting a five-month high, but the labour market downturn continued with job losses registered for the eighth straight month.

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 six-month high of 50.3 in July, up from 47.9 in June and back above the neutral 50.0 mark for the first time since January. Of the 27 nations for which July data were available, 13 had PMI readings above the neutral 50.0 mark.

Please note that due to later release dates, final numbers for Canada, Ireland, Myanmar and Turkey were not available to include in the Global Manufacturing PMI calculation.

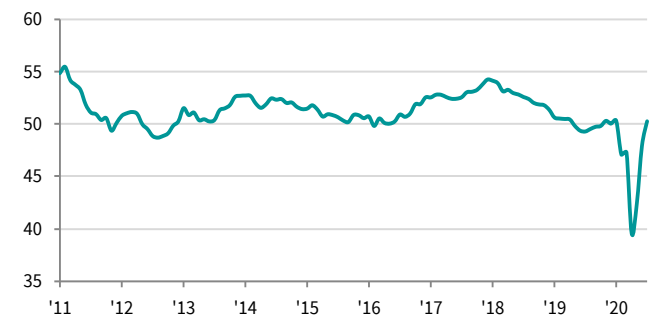
Manufacturing production rose for the first time in six months during July. Although the rate of expansion was only mild it was nonetheless the sharpest since the end of 2018. Growth was registered in the US, China, the euro area, the UK, Brazil and Australia among others. Due to their relative size, contractions in Japan, India and South Korea were the main drags on the nascent global manufacturing recovery.

July also saw incoming new orders increase for the first time in six months. However, with the restrictions in place to combat the spread of COVID-19 only being loosened, not removed entirely, the trend in international trade volumes continued to weaken. This also had an impact of supply chains, with average vendor delivery times lengthening for the twelfth successive month.

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J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

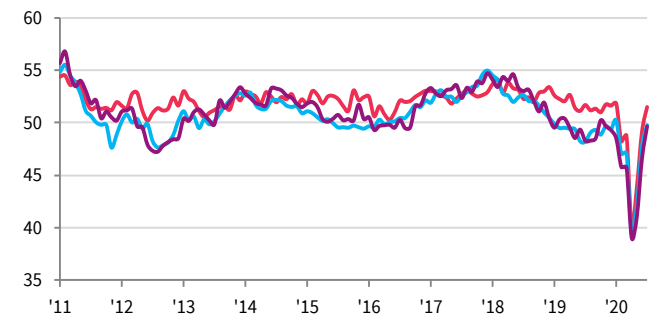


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

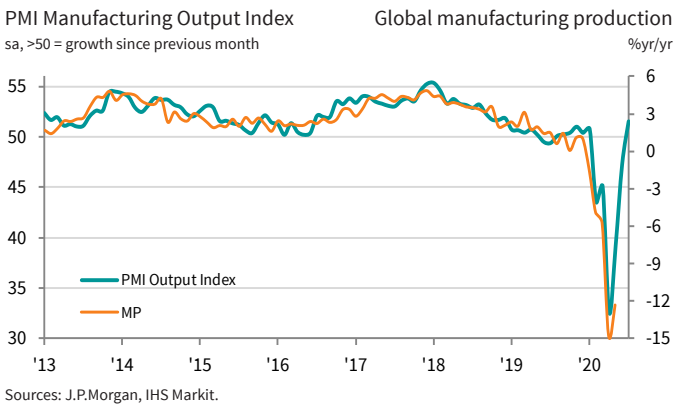


Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Jun-20	Jul-20	Interpretation
PMI	47.9	50.3	Improvement, from deterioration
Output	47.3	51.5	Growth, from contracting
New Orders	46.8	50.7	Growth, from contracting
New Export Orders	43.5	46.9	Decline, slower rate
Future Output	58.9	59.6	Growth expected, firmer sentiment
Employment	46.0	47.1	Decline, slower rate
Input Prices	51.6	53.0	Inflation, faster rate
Output Prices	49.5	50.9	Inflation, from falling

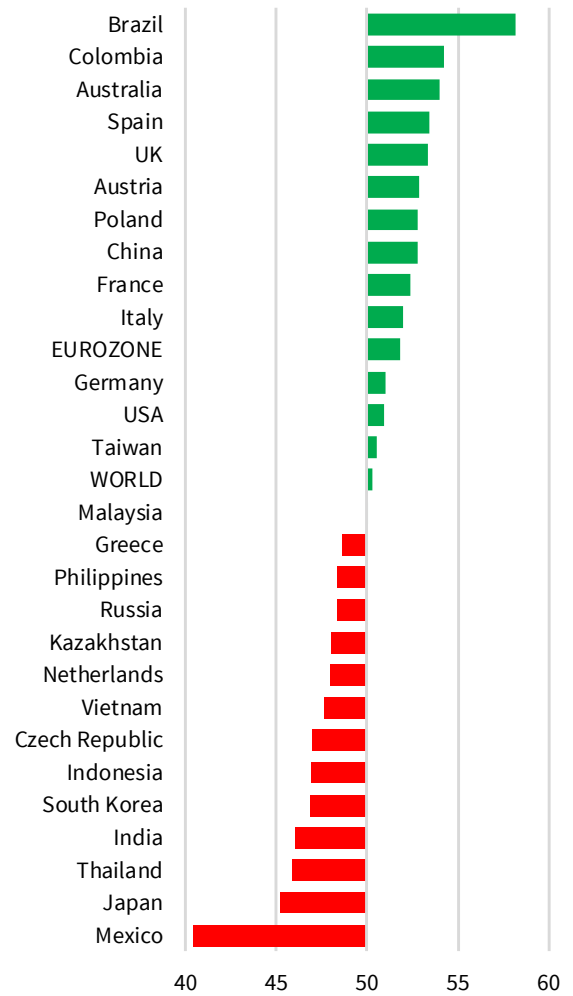


Sector data indicated that output rose across the consumer, intermediate and investment goods categories. The upturns in production and new orders were both led by the consumer goods industry. Output growth was comparatively mild at intermediate and investment goods producers, with the former seeing a decline in new orders and the latter a fractional rise.

Global manufacturing employment fell for the eighth month running in July, albeit at the slowest rate since March. Job losses were registered across the consumer, intermediate and investment goods sectors. Brazil was the only nation for which July data were available to see higher staffing levels. Of the remaining countries most (19 out of 27) saw their rates of job cutting ease, including China, the US, Japan, France, Italy, Spain, the Netherlands, South Korea, the UK and India. Germany was a notable exception with faster job shedding.

Average input costs rose at the fastest rate in 15 months during July. That said, the pace was still below the long-run survey average. Higher purchase prices were passed on (at least in part) to clients in the form of higher output charges. Subsequently, selling prices rose for the first time in six months.

Manufacturing PMI  
sa, >50 = improvement since previous month  
Jul '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 July PMI indicates that the recovery which began in May continued into mid-summer. Many of the PMI components reached their pre-pandemic levels for the first time in July including output and new orders. The employment PMI has not recovered suggesting labor markets will take longer to improve. Still, to fully recoup the losses sustained in the first half of the year will still take some time, especially if the recovery is knocked off course by any future re-tightening of restrictions.”*

## 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	Daviyenda
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	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 <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.

## Contact

Olya Borichevska  
Economic & Policy Research  
J.P.Morgan Chase Bank  
New York  
[olya.e.borichevska@jpmorgan.com](mailto:olya.e.borichevska@jpmorgan.com)

Rob Dobson  
Director  
IHS Markit  
T: +44 1491 461 095  
[rob.dobson@ihsmarkit.com](mailto:rob.dobson@ihsmarkit.com)

Katherine Smith  
Public Relations  
IHS Markit  
T: +1 781 301 9311  
[Katherine.Smith@ihsmarkit.com](mailto:Katherine.Smith@ihsmarkit.com)

## About J.P.Morgan

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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](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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