

News Release

MARKET SENSITIVE INFORMATION
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J.P.Morgan Global Manufacturing PMI™

Produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM

Global manufacturing makes weak start to third quarter

The downturn in the global manufacturing sector extended into its third consecutive month in July. Production and new order intakes declined further, as conditions in many domestic markets remained soft and international trade volumes continued to contract. These negative trends filtered through to the labour market, resulting in another round of job losses.

At 49.3 in July, a tick below June's reading of 49.4, the J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – signalled contraction for the third straight month and fell to its lowest level since October 2012.

Of the 30 nations for which July data were available, 19 had Manufacturing PMIs signalling downturns. China, Japan, Germany, South Korea, Taiwan, France, the UK, Italy and Brazil were among the countries seeing contractions. Although the US and Canada saw expansions, their respective PMI levels (50.4 and 50.2) were only marginally above the neutral 50.0 mark.

Sector data indicated that the downturn was again focussed on the intermediate and investment goods industries. In contrast, the consumer goods category not only continued to register expansion, but also saw a mild improvement in its rate of growth to a three-month high.

Global manufacturing production decreased for the second month running, reflecting a further reduction in new order intakes. International trade volumes contracted for the eleventh month in a row and to the greatest extent since October 2012. Among the largest regions covered by the survey, new export business decreased in China, the US, the euro area, Japan, Taiwan, South Korea, the UK, Canada, Russia and Brazil.

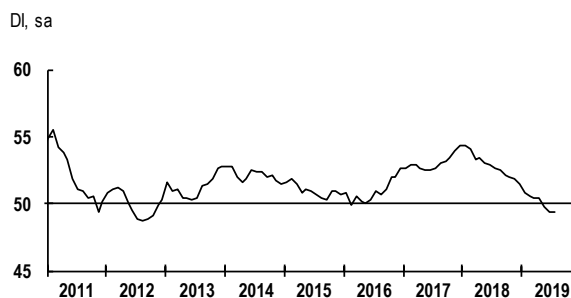
July saw manufacturing employment decline for the third straight month. Spare capacity remained available nonetheless, as highlighted by a further decrease in backlogs of work. Holdings of both raw materials and finished goods stocks both decreased, the former partly due to lower levels of input purchasing.

Price inflationary pressure remained contained in the global manufacturing sector in July. Input costs rose only slightly and to the weakest extent during the current 40-month sequence of increase. Average selling prices were unchanged over the month, the first time that output charges have not risen in almost three years.

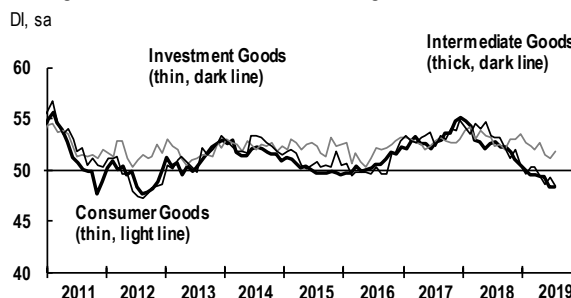
Commenting on the survey, Olya Borichevska, from Global Economic Research at J.P.Morgan, said:

“July PMI data signal that the global manufacturing sector remained on a weak footing at the start of the third quarter. The PMI implies no growth in global manufacturing output with the deteriorating trend in international trade flows weighing particularly heavily on performance. Market conditions will need to stage a solid recovery if the growth outlook is to improve during the coming months. However, firms are not expecting this with future output PMI continuing to trend lower through July.”

JPMorgan Global Manufacturing PMI



JPMorgan Global PMI Sectors: Manufacturing PMI



Global Manufacturing PMI™ Summary

50 = no change on prior month.

Index	Jun.	Jul.	+/-	Summary
Global PMI	49.4	49.3	-	Falling, faster rate
Output	49.5	49.5	=	Falling, same rate
New Orders	49.0	49.3	+	Falling, slower rate
New Exports	48.8	48.3	-	Falling, faster rate
Employment	49.8	49.2	-	Falling, faster rate
Input Prices	52.0	50.9	-	Rising, slower rate
Output Prices	50.9	50.0	-	Unchanged, from rising
Future Output	57.6	57.4	-	Positive, lesser extent

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Notes to Editors:

The Global Report on Manufacturing is compiled by IHS Markit based on the results of surveys covering over 13,500 purchasing executives in over 40 countries. Together these countries account for an estimated 98% of global manufacturing output². Questions are asked about real events and are not opinion based. Data are presented in the form of diffusion indices, where an index reading above 50.0 indicates an increase in the variable since the previous month and below 50.0 a decrease.

Data Sources:

Country	% Share of global GDP ²	Producer	In association with	Website
United States ¹ : After January 2010 Before Feb-2010	21.6%	IHS Markit ISM	– –	www.ihsmarkit.com/products/pmi.html www.ism.ws
China	12.7%	IHS Markit	Caixin	www.caixin.com
Japan	7.7%	IHS Markit	Jibun Bank	www.jibunbank.co.jp
Germany	4.8%	IHS Markit	BME	www.bme.de
France	3.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
United Kingdom	3.5%	IHS Markit	CIPS	www.cips.org
India	3.3%	IHS Markit	–	–
Brazil	2.8%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Italy	2.6%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Canada	2.4%	IHS Markit	–	–
Russia	2.1%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Spain	1.9%	IHS Markit	AERCE	www.aerce.org
Australia	1.7%	IHS Markit	Commonwealth Bank	www.commbank.com.au
South Korea	1.7%	IHS Markit	–	–
Mexico	1.6%	IHS Markit	–	www.ihsmarkit.com
Turkey	1.5%	IHS Markit	Istanbul Chamber of Industry	www.ihsmarkit.com/products/pmi.html
Indonesia	1.4%	IHS Markit	–	–
Netherlands (The)	1.1%	IHS Markit	NEVI	www.nevi.nl
Saudi Arabia ³	0.9%	IHS Markit	–	–
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Poland	0.7%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Taiwan	0.6%	IHS Markit	–	–
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
Austria	0.5%	IHS Markit	Unicredit Bank Austria	www.bankaustria.at , www.opwz.com
South Africa ³	0.5%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
Thailand	0.5%	IHS Markit	–	–
UAE ³	0.5%	IHS Markit	–	–
Colombia	0.5%	IHS Markit	Davivienda	www.davivienda.com
Malaysia	0.5%	IHS Markit	–	–
Ireland	0.4%	IHS Markit	AIB	www.aibecommodities.com
Denmark	0.4%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
Singapore ³	0.4%	IHS Markit	–	–
Philippines (The)	0.4%	IHS Markit	–	–
Israel	0.4%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , www.bankhapoalim.co.il
Hong Kong ³	0.4%	IHS Markit	–	–
Egypt ³	0.3%	IHS Markit	–	–
Greece	0.3%	IHS Markit	HPI	www.hellenicsupply.org
Czech Republic	0.3%	IHS Markit	–	www.ihsmarkit.com/products/pmi.html
New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Vietnam	0.2%	IHS Markit	–	–
Hungary	0.2%	HALPIM	–	www.logisztika.hu
Myanmar	0.1%	IHS Markit	–	–
Kenya ³	0.1%	IHS Markit	Stanbic Bank	www.stanbicbank.co.ke
Lebanon ³	0.1%	IHS Markit	BLOMINVEST Bank	www.blominvestbank.com

¹ Data from the IHS Markit survey of US manufacturing are included in the global manufacturing PMI composition from February 2010 onwards. Data prior to that date are based on the ISM US manufacturing survey.

² Source: World Bank World Development Indicators (2017 data, constant US\$ measure).

³ For these nations, manufacturing sector responses are extracted from whole economy PMI surveys for inclusion in the Global Manufacturing PMI

Methodology: Global Manufacturing PMI™ Indices

The Global Manufacturing PMI™ indices are all seasonally adjusted. The seasonal adjustment is applied at the national level (as opposed to at the global aggregate level) in order to account for differing seasonal patterns in each of the nations included. Global Manufacturing PMI™ indices are weighted according to national contributions to global manufacturing gross value added. Weights for the global indices are derived from the latest available World Bank data on the gross value added of manufacturing for each of the nations covered. World Bank data on value added are in constant 2010 US\$, with all national currencies converted to 2010 US\$ by the World Bank using DEC alternative conversion factors.

J.P.Morgan



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