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J.P.Morgan Global Manufacturing PMI™

Global manufacturing upturn remains constrained by supply chain disruptions and input shortages

Key findings

Global Manufacturing PMI stays at 54.1 in September

Subdued output and new order growth tick higher

Supply-side disruption leads to faster price increases

The global manufacturing upturn was subdued by supply chain disruptions and material shortages in September. Although output growth accelerated for the first time in five months, it remained among the slowest during the current 15-month sequence of expansion. The pace of expansion in new orders also ticked higher from a recent low. Supply constraints fed through to prices, leading to marked inflation of both input costs and factory gate selling prices.

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 54.1 in September, unchanged from August's six-month low. The PMI has now signalled expansion for 15 successive months.

Data broken down by sector showed that growth continued across the consumer, intermediate and investment goods industries. PMI readings ticked higher for the intermediate goods sector, was unchanged for consumer goods and edged lower in the investment goods category. The latter retained its position at the top of the growth rankings, however.

Of the 31 nations for which September data were available, 24 registered PMI readings above the 50.0 no change mark signalling expansion. European manufacturing dominated the top of the growth rankings, with nine out of the 10 best readings (Austria, the Netherlands, Ireland, Italy, Germany, Greece, Spain, Czech Republic and the UK). US manufacturing also performed strongly (third place overall).

The weaker performances were generally seen in Asia. Of the 12 lowest PMI readings in September, ten were from nations located wholly on the continent, including four of the six countries to register sub-50.0 readings (Thailand, Malaysia, Myanmar and Vietnam). Mexico and Russia also registered sub-50.0 readings.

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

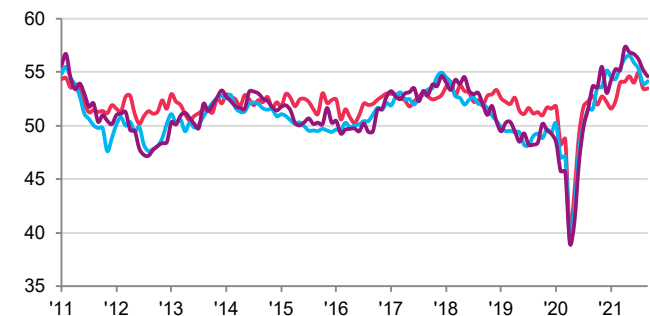


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



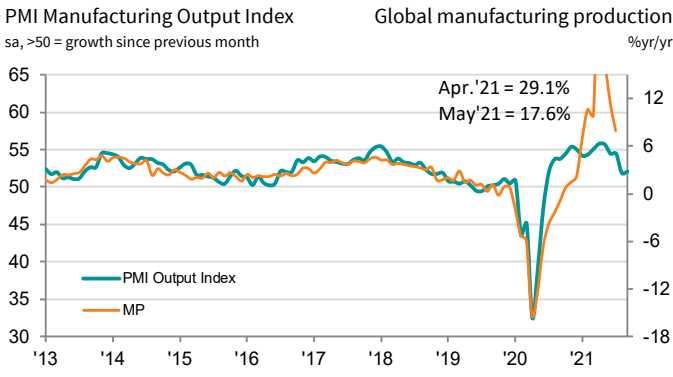
Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Aug-21	Sep-21	Interpretation
PMI	54.1	54.1	Improvement, unchanged rate
Output	51.8	52.0	Growth, faster rate
New Orders	53.6	53.9	Growth, faster rate
New Export Orders	51.0	51.0	Growth, unchanged rate
Future Output	64.1	64.2	Growth expected, better sentiment
Employment	52.0	51.4	Growth, slower rate
Input Prices	70.3	71.2	Inflation, faster rate
Output Prices	60.1	60.9	Inflation, faster rate

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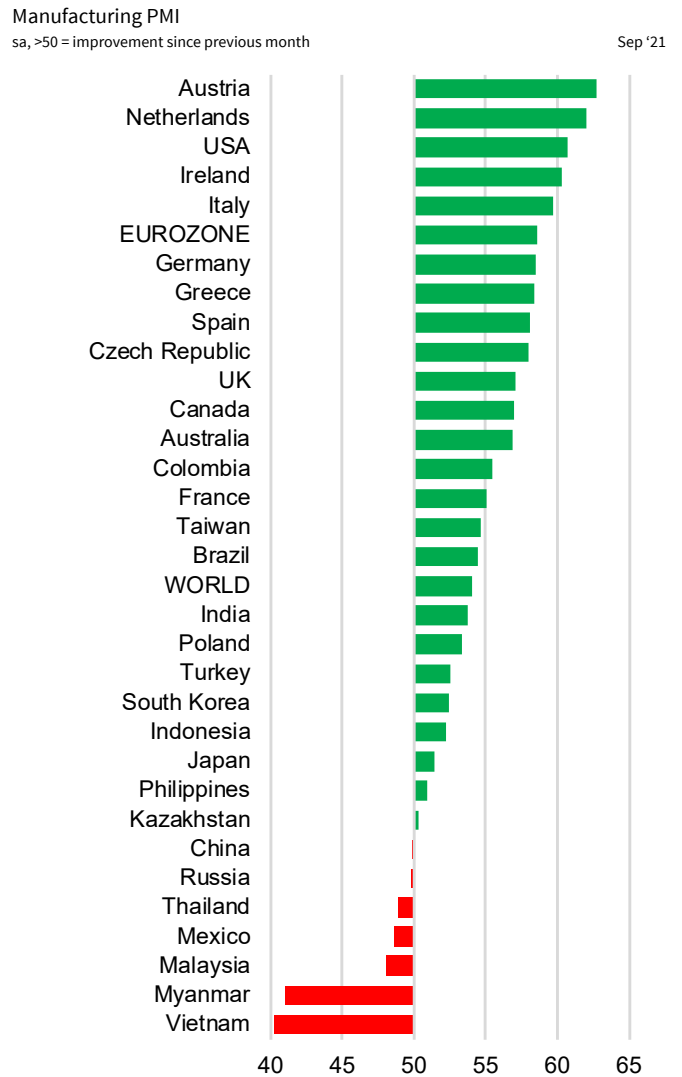


Manufacturing production and new orders both rose for the fifteenth successive month in September, and to slightly better extents than during the prior survey month. New export business also continued to expand, although the rate of growth was unchanged from August's seven-month low.

Efforts to raise production further were stymied by severe supply-chain and logistic disruptions. The past six months have seen supplier lead times lengthen to the greatest extents in the survey history.

Companies in some parts of the world (including the US and the UK) also mentioned that labour and skill shortages were growth constraints. Although global manufacturing employment rose for the eleventh consecutive month, the rate of increase was the weakest since February.

Supply disruptions and material shortages also fed through to higher prices in September. Input costs and output charges continued to rise at elevated rates, which were moderately stronger than those registered in August.



Comment

Olya Borichevska, Global Economist at J.P.Morgan, said:

“The global manufacturing PMI sent a positive signal in September with rough stability in the survey after a number of months in which the output index declined sharply. However, the survey still points to ongoing supply constraints weighing on the sector. The delivery times PMI remains at a low level (long delivery times) at the same time price pressures are high as seen across input and output prices PMI.”

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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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.

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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