News Release

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# J.P.Morgan Global Manufacturing PMI™

## Global manufacturing output and new orders accelerate at start of fourth quarter

### Key findings

Manufacturing PMI at 53.0 in October (29-month high)

Business confidence strengthens

Further mild decrease in employment

Global manufacturing output rose at the fastest pace in over two-and-a-half years in October, building on the return to growth seen during the third quarter of the year. New order intakes strengthened, assisted by a further upturn in international trade, while business optimism rose to its highest level since May 2018.

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 53.0 in October, up from 52.4 in September, to post its best reading for 29 months (since May 2018). The headline PMI has signalled growth in each of the past four months.

*Notes: Due to later-than-usual release dates, October 2020 data for Brazil, Colombia, Mexico, Myanmar and the Philippines were not available for inclusion in the global figures.*

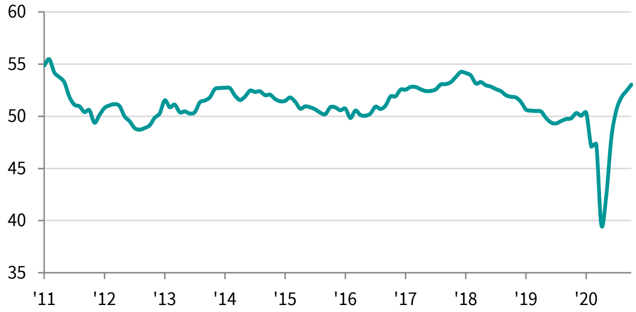
Manufacturing output increased in October, with solid growth seen across the consumer, intermediate and investment goods industries. The fastest expansion was in the investment goods sector (albeit slightly slower than in September) and the weakest at consumer goods producers (slowest in the current four-month upturn). The overall acceleration was therefore centred on the intermediate goods category, where growth improved to a 33-month high.

Output growth was registered in 20 out of the 26 territories for which October data were available. In North America, both the US (11-month high) and Canada (26-month high) saw solid and accelerated increases in production. Growth also improved to a 32-month high in the euro area, led by the steepest expansion in Germany for almost a decade. Output rose at quicker rates in China, India and South Korea. The downturn in Japan continued, making it one of only six nations to record contractions (the others being Greece, Indonesia, Ireland, Malaysia and Russia).

*Continued on next page.*

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

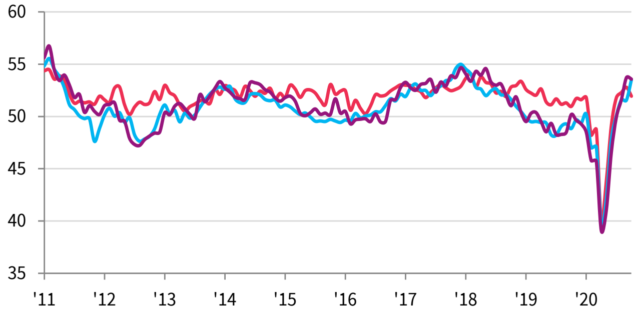



Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month




Sources: J.P.Morgan, IHS Markit.

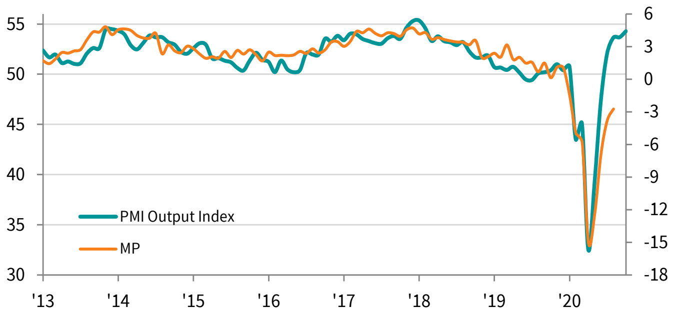
Index summary

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

| Index | Sep-20 | Oct-20 | Interpretation |
|---|---|---|---|
| PMI | 52.4 | 53.0 | Improvement, faster rate |
| Output | 53.7 | 54.3 | Growth, faster rate |
| New Orders | 53.8 | 55.0 | Growth, faster rate |
| New Export Orders | 51.7 | 51.2 | Growth, slower rate |
| Future Output | 61.8 | 63.4 | Growth expected, firmer sentiment |
| Employment | 49.4 | 49.4 | Decline, same rate |
| Input Prices | 54.7 | 55.2 | Inflation, faster rate |
| Output Prices | 51.5 | 51.9 | Inflation, faster rate |

PMI Manufacturing Output Index
sa, >50 = growth since previous month

Global manufacturing production
%yr/yr




Sources: J.P.Morgan, IHS Markit.

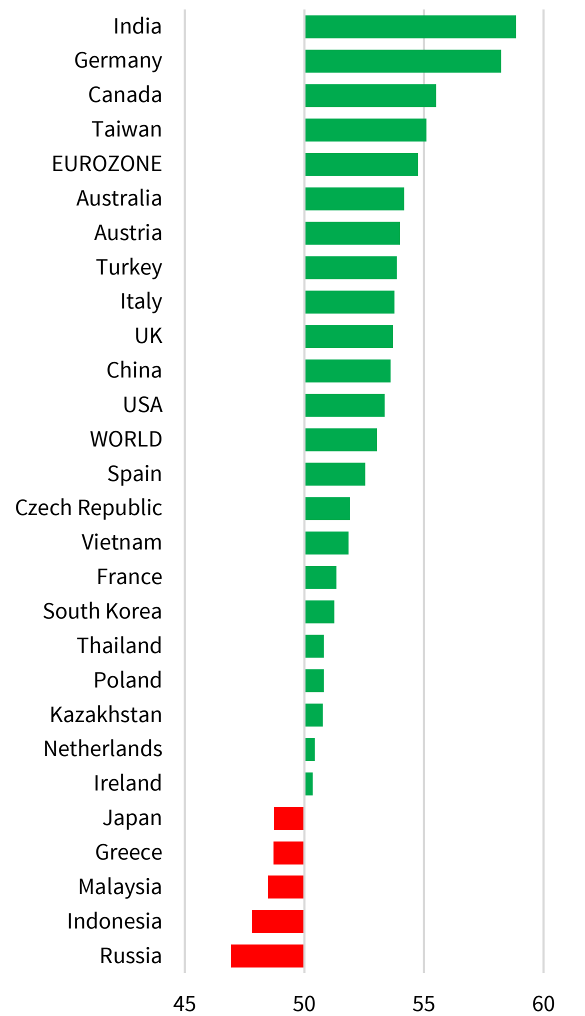
Global manufacturing new orders rose for the fourth successive month, aided by a further increase in new export business. Total new business expanded across the consumer, intermediate and investment goods sub-industries. Higher levels of production and new work received led to greater optimism among manufacturers, with business sentiment rising to a 29-month high.

October saw manufacturing employment reduced for the eleventh consecutive month. That said, the pace of job shedding was only marginal and down markedly since the height of the pandemic. Staffing levels were raised in the US and China, in contrast to losses in the euro area and Japan.

Input price inflation accelerated to a 23-month record in October. Part of the increase in costs was passed on in the form of higher output charges, as highlighted by the sharpest rise in selling prices since March 2019. Supply-chain disruption continued, as signalled by a further lengthening of average vendor lead times. Stocks of inputs and finished products both decreased, the former despite a solid increase in purchasing activity.

Manufacturing PMI
sa, >50 = improvement since previous month

Oct '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:

*"The recovery in the global manufacturing sector continued early this quarter with the level in the PMI for output and new orders among the highest seen over the past two-and-a-half years. One risk to the goods sector recovery is the sharp increase in new virus cases which has resulted in activity restrictions across Europe."*

## 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.

[1]Hong Kong is a Special Administrative Region of China.

[2]US data compiled by ISM pre-February 2010 and by IHS Markit post-January 2010.

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## About J.P.Morgan

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.



## 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