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J.P.Morgan Global Manufacturing PMI™

Global manufacturing downturn eases at start of final quarter

Key findings

Global Manufacturing PMI rises to 49.8

Output edges higher as new order inflows steady

International trade volumes contract again

The global manufacturing sector contracted for the sixth successive month in October, according to the latest global PMI™ surveys. 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 49.8 in October, remaining below the neutral mark of 50.0. That said, a third successive rise in the PMI provided a further sign that the downturn may have bottomed out in July.

The latest deterioration in operating conditions was centred on the intermediate goods sector, which saw its PMI drop to a three-month low of 48.8 following falls in output and new orders. PMI readings for the consumer and investment goods industries signalled expansion, with both industries seeing growth of production and new business intakes.

National PMI readings signalled expansion in 13 out of the 32 countries for which October data were available, including China, the US, Brazil and France. European nations tended to fare poorly in the global PMI rankings, with Germany, the Czech Republic, Austria, Poland, Spain and Italy populating six out of the eight lowest positions (along with Russia and the eurozone average).

October saw global manufacturing production edge higher for the second successive month, as inflows of new work stabilised following a five-month sequence of contraction. Global trade flows continued to weigh on manufacturing, however. New export business declined for the fourteenth month in a row. Among the larger exporting nations covered by the survey, Germany and Japan saw new export orders decline – with the downturn especially steep in Germany. The US and China both registered growth.

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

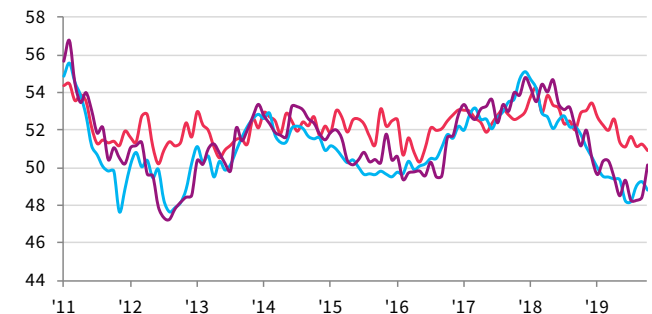


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



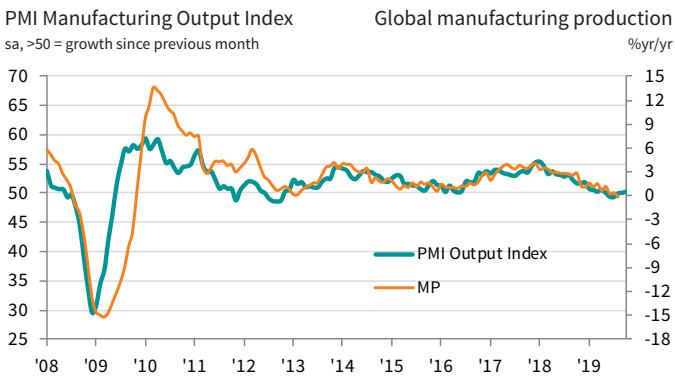
Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Sep-19	Oct-19	Interpretation
PMI	49.7	49.8	Deterioration, slower rate
Output	50.1	50.3	Growth, faster rate
New Orders	49.4	50.0	No change, from decline
New Export Orders	48.0	48.9	Decline, slower rate
Future Output	56.7	57.5	Growth expected, better sentiment
Employment	49.5	49.2	Decline, faster rate
Input Prices	51.0	50.4	Inflation, slower rate
Output Prices	50.0	49.7	Decline, from no change

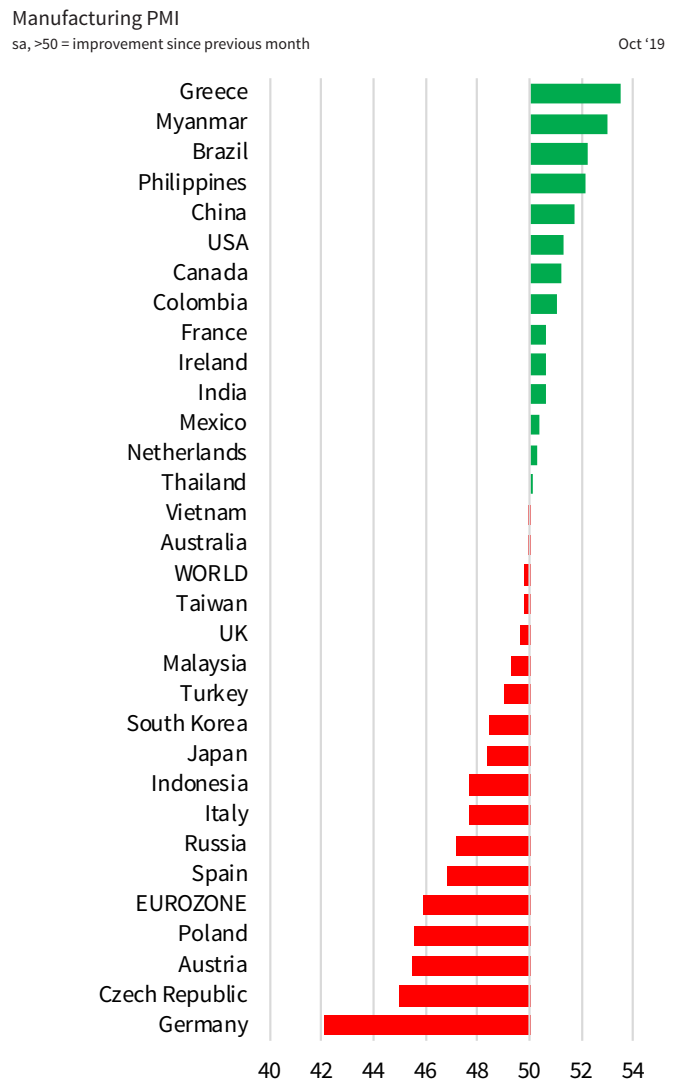
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Global manufacturing employment fell for the sixth consecutive month in October, with job losses registered in China, Germany, South Korea, the UK, Italy, Spain, Indonesia, Vietnam, Thailand, Russia, Poland, Austria and the Czech Republic. Input buying activity was also reduced, while inventories of finished goods and purchases both continued to fall.

Price pressures remained relatively contained in the global manufacturing sector during October. Input costs rose to one of the weakest extents during the current three-and-a-half-year sequence of inflation. Output charges fell slightly for the second time in the past three months.

Business optimism staged a mild recovery in October, rising slightly from the series-record lows registered in both August and September. Confidence improved (on average) across both developed and emerging markets, with the overall degree of positivity remaining higher in the latter.



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, 2017.

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	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	Jibun Bank
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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