

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 PMI signals solid start to 2017

At 52.7 in January, the headline J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – steadied at December’s 34-month high and was above its long-run average of 51.4.

Please note that later than usual release dates meant January 2017 PMI data were not available for China, Taiwan, Vietnam and Malaysia. Previously published readings for the global manufacturing indices have also been restated following the annual review of the weights applied to the national PMI data.

The improvement in business conditions was led by the investment goods sector, where the PMI rose to its highest level in over five-and-a-half years. The improvement at consumer goods producers was slightly better than that seen in December, while growth in the intermediate goods category lost some momentum.

Manufacturing production increased for the fifty-first successive month in January. Among the larger industrial nations for which data were available, faster rates of expansion were signalled for the US, the euro area and the UK. Growth slowed in Japan, while South Korea, Brazil, Turkey and Greece where the only nations to register contractions.

Underlying the latest expansion of output was a further increase in new order volumes. Moreover, the rate of growth in new business intakes accelerated to a two-and-a-half year high. Part of the increase in demand reflected stronger international trade flows, as new export orders rose at the quickest pace since September 2014.

The ongoing upturn in new orders led to a further increase in outstanding business during January. Backlogs of work expanded for the eighth consecutive month, with growth registered across the consumer, intermediate and investment goods categories.

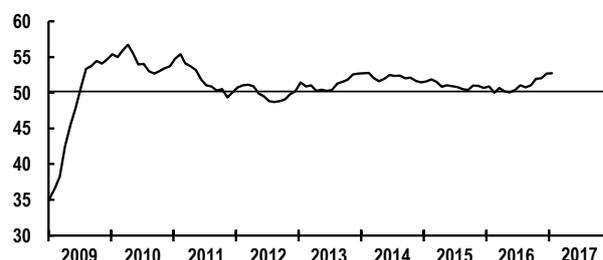
The latest release sees the launch of a new index tracking business sentiment – the Future Output Index – that is based on a question asking companies if they expect output to be higher, the same or lower in 12 months’ time. The start of 2017 saw positive sentiment climb to a 19-month high, with improvements seen in the US, the euro area, Japan, the UK, India, Brazil and Russia.

Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“Business conditions in the global manufacturing sector improved at a solid pace in January, with output, new orders and employment all expanding at similar rates to December. With backlogs of work rising further and business confidence increasing, the sector looks firmly set to build on this solid start to the new year during the coming months.”

JPMorgan Global Manufacturing PMI

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Global Manufacturing PMI™ Summary

50 = no change on prior month.

Index	Dec.	Jan.	+/-	Summary
Global PMI	52.7	52.7	=	Rising, same rate
Output	53.9	53.7	-	Rising, slower rate
New Orders	53.7	53.9	+	Rising, faster rate
New Exports	51.4	52.3	+	Rising, faster rate
Employment	51.4	51.4	=	Rising, same rate
Input Prices	61.0	61.9	+	Rising, faster rate
Output Prices	53.6	53.5	-	Rising, slower rate
Future Output	62.0	63.9	+	Positive, greater extent

The combination of rising demand, increased backlogs and improved confidence encouraged manufacturers to raise employment in January. Job creation was recorded for the fifth successive month, with the rate of increase steadying at December’s 64-month high.

Input cost inflation accelerated to its fastest rate since May 2011, reflecting rising global commodity prices. Output charges also increased, albeit to a slightly lesser extent than in the prior survey month.

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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 12,000 purchasing executives in over 40 countries. Together these countries account for an estimated 95% 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	22.2%	Markit	–	www.ihsmarkit.com
Before Feb-2010	22.2%	ISM	–	www.ism.ws
China	11.9%	Markit	Caixin	www.caixin.com
Japan	7.6%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	4.9%	Markit	BME	www.bme.de
France	3.7%	Markit	–	www.ihsmarkit.com
United Kingdom	3.6%	Markit	CIPS	www.cips.org
Brazil	3.1%	Markit	–	www.ihsmarkit.com
India	3.1%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Italy	2.7%	Markit	–	www.ihsmarkit.com
Canada	2.4%	Markit	SCMA	www.scma.com
Russia	2.2%	Markit	–	www.ihsmarkit.com
Spain	1.9%	Markit	AERCE	www.aerce.org
Australia	1.7%	AiGroup	–	www.aigroup.asn.au
South Korea	1.7%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Mexico	1.6%	Markit	–	www.ihsmarkit.com
Indonesia	1.3%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Turkey	1.2%	Markit	Istanbul Chamber of Industry	www.ihsmarkit.com
Netherlands (The)	1.2%	Markit	NEVI	www.nevi.nl
Saudi Arabia ³	0.9%	Markit	Emirates NBD	www.emiratesnbd.com
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Taiwan	0.8%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Poland	0.7%	Markit	–	www.ihsmarkit.com
Nigeria ³	0.6%	Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.6%	Markit	Standard Bank	www.standardbank.com
Austria	0.5%	Markit	Bank Austria/OPWZ	www.bankaustria.at , http://einkauf.opwz.com
Thailand	0.5%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
UAE ³	0.5%	Markit	Emirates NBD	www.emiratesnbd.com
Malaysia	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Denmark	0.4%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
Ireland	0.4%	Markit	Investec	www.investec.co.uk
Singapore ³	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Israel	0.4%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , http://www.bankhapoalim.co.il
Philippines (The)	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Hong Kong ³	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Egypt ³	0.3%	Markit	Emirates NBD	www.emiratesnbd.com
Greece	0.3%	Markit	HPI	www.hpi.org
Czech Republic	0.3%	Markit	–	www.ihsmarkit.com
New Zealand	0.2%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Vietnam	0.2%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Hungary	0.2%	HALPIM	Hungarian National Bank	www.logisztika.hu
Myanmar	0.1%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Kenya ³	0.1%	Markit	Stanbic Bank	www.cfcstanbicbank.co.ke
Lebanon ³	0.1%	Markit	BLOMINVEST Bank	www.blominvestbank.com

¹ Data from the 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 (2015 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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