

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 at 34-month high in December

December PMI data signalled a stronger improvement in the health of the global manufacturing sector, rounding off the best quarter for industry since the start of 2014.

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 – rose for the fourth straight month to post 52.7, up from 52.1 in November, its highest level since February 2014.

Please note that a later than usual release date meant that final numbers were not available for Japan. December 2016 global manufacturing index values therefore include data from the Japan Flash Manufacturing PMI.

Growth was seen across the consumer, intermediate and investment goods sectors in December. Moreover, rates of expansion improved in all three categories. Over 2016 as a whole, growth was above that registered in 2015 in the intermediate goods industry, but slower at producers of consumer and investment goods.

By nation, growth was generally led by the US and Western Europe regions. The PMI readings for the US and the eurozone rose to 21- and 68-month highs respectively, while the UK PMI registered its best level in two-and-a-half years. Underlying the improvement in the euro area were stronger expansions in almost all of the nations of the currency union covered by the global PMI (the sole exception was Greece).

The performance of the Asia region also improved, as PMI readings signalled growth in Japan, China, Taiwan, Vietnam, Philippines and Thailand. However, nations registering contractions were also more prevalent in Asia, with declines indicated in India, South Korea, Indonesia, Malaysia and Myanmar. Elsewhere in the global manufacturing sector, the upturn in Russia gathered pace and the downturn in Brazil accelerated.

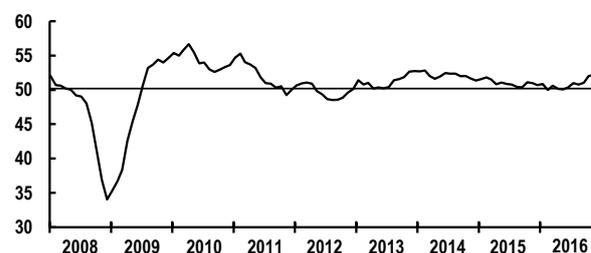
Global manufacturing production increased at the fastest pace for two-and-a-half years in December, underpinned by the steepest intake of new work since July 2014. Although the trend in new export business remained relatively muted, the pace of expansion in international trade volumes hit a 27-month high.

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

“The improvement in the headline PMI to a 34-month high rounds off a generally positive second half of the year for the global manufacturing sector. With rates of expansion in production and new order volumes having gathered pace during the latter part of 2016, the sector will start 2017 on a solid footing with positive momentum building and job creation accelerating.”

JPMorgan Global Manufacturing PMI

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Global Manufacturing PMI™ Summary

50 = no change on prior month.

Index	Nov.	Dec.	+/-	Summary
Global PMI	52.1	52.7	+	Rising, faster rate
Output	53.4	53.8	+	Rising, faster rate
New Orders	53.1	53.8	+	Rising, faster rate
New Exports	51.3	51.4	+	Rising, faster rate
Employment	50.8	51.4	+	Rising, faster rate
Input Prices	58.7	61.0	+	Rising, faster rate
Output Prices	53.5	53.5	=	Rising, same rate

Job creation was recorded for the fourth month running, with the rate of increase the fastest since March 2014. Employment rose in the US, the euro area, Japan, the UK, Canada, Malaysia, Mexico, Philippines, Russia, Taiwan, Thailand, Turkey and Vietnam.

Cost pressures intensified at the end of 2016, as purchase prices rose at the quickest pace in over five-and-a-half years. This was passed on to clients in the form of higher output charges, which rose at a rate equalling November's 65-month record.

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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 10,000 purchasing executives in over 30 countries. Together these countries account for an estimated 90% of global manufacturing output³. 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	25.4%	Markit	–	www.ihsmarkit.com
Before Feb-2010	25.4%	ISM	–	www.ism.ws
China	9.1%	Markit	Caixin	www.caixin.com
Japan	8.2%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Germany	5.5%	Markit	BME	www.bme.de
United Kingdom	4.6%	Markit	CIPS	www.cips.org
France	4.1%	Markit	–	www.ihsmarkit.com
Italy	3.0%	Markit	–	www.ihsmarkit.com
India	2.7%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Canada	2.3%	Markit	Royal Bank of Canada/SCMA	www.rbc.com , www.scmanational.ca
South Korea	2.1%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Brazil	2.1%	Markit	–	www.ihsmarkit.com
Spain	2.0%	Markit	AERCE	www.aerce.org
Mexico	1.8%	Markit	–	www.ihsmarkit.com
Russia	1.7%	Markit	–	www.ihsmarkit.com
Australia	1.5%	AiGroup	–	www.aigroup.asn.au
Netherlands (The)	1.3%	Markit	NEVI	www.nevi.nl
Turkey	1.2%	Markit	ISO	www.ihsmarkit.com
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Indonesia	0.8%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Taiwan	0.8%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Poland	0.7%	Markit	–	www.ihsmarkit.com
Austria	0.6%	Markit	Bank Austria/OPWZ	www.bankaustria.at , http://einkauf.opwz.com
South Africa	0.6%	BER	CIPS/Barclays	www.ber.sun.ac.za , www.cips.org , www.barclays.com
Denmark	0.5%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
Thailand	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Ireland	0.4%	Markit	Investec	www.investec.co.uk
Malaysia	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Singapore	0.4%	Markit	–	www.ihsmarkit.com
Philippines (The)	0.3%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Israel	0.3%	IPLMA	Bank Hapoalim Ltd	www.iplma.org.il , http://www.bankhapoalim.co.il
Greece	0.3%	Markit	HPI	www.hpi.org
Czech Republic	0.3%	Markit	–	www.ihsmarkit.com
New Zealand	0.3%	Business NZ	Bank of New Zealand	www.businessnz.org.nz , www.bnz.co.nz
Hungary	0.2%	HALPIM	Hungarian National Bank	www.logisztika.hu
Vietnam	0.2%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Myanmar	0.1%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/

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 (2014 data, constant US\$ measure).

3 Source: World Bank World Development Indicators (2014 data, constant US\$ measure).

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 2005 US\$, with all national currencies converted to 2005 US\$ by the World Bank using DEC alternative conversion factors.

J.P.Morgan

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