

News Release

MARKET SENSITIVE INFORMATION
EMBARGOED UNTIL: 1100 (New York) / 1600 (UTC) March 1st 2019

J.P.Morgan Global Manufacturing PMI™

Produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM

Global Manufacturing PMI at 32-month low in February

At 50.6 in February, the J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – fell to its lowest level since June 2016. Operating conditions improved in the consumer and investment goods sectors, but deteriorated in the intermediate goods category.

Due to a later-than-usual release date, Manufacturing PMI data for South Korea and Taiwan were not available to include in the February 2019 global readings.

PMI readings signalled expansion in 18 out of the 29 nations for which February data were available. Among the largest countries covered by the survey, above global average growth was signalled in the US, the UK, India, Brazil, Mexico, Canada and Australia. The Japan PMI fell below 50.0 for the first time since August 2016, while the China PMI recovered to 49.9 (up from 48.3 in January).

Growth of global manufacturing production eased to a 32-month low in February, as the rate of expansion in new orders stayed close to the stagnation mark. Scratching beneath the surface of the trend in production highlighted noticeable national divergences. The US saw output increase at the slowest pace in 17 months, the euro area reported a contraction for the first time since June 2013 and the rate of decline in Japan was the fastest since May 2016. However, this was partly offset by a recovery in China, where output rose marginally after its weakest performance in two-and-a-half years in January. Broadly similar trends were also seen for new orders.

The trend in international trade remained lacklustre in February, as new export business contracted for the sixth straight month. Both developed and emerging nations saw declines (on average) during the latest survey month.

Job creation continued in February, with the rate of growth holding steady at January's modest pace. Employment rose in the US, the euro area, Japan, India, Brazil, Canada, Mexico and Australia. Job losses were seen in China, the UK, Turkey, Poland, Vietnam and Thailand.

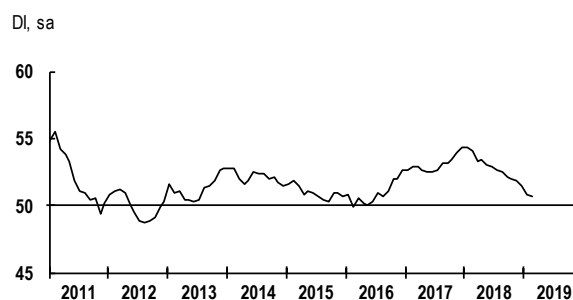
Business optimism fell to its second-lowest level in the series history during February. Confidence eased (on average) to its weakest in over six years in developed nations and to a two-month low in emerging markets.

Input price inflation eased slightly in February, reaching a near two-and-a-half-year low. In contrast, the rate of increase in output charges rose to a three-month high.

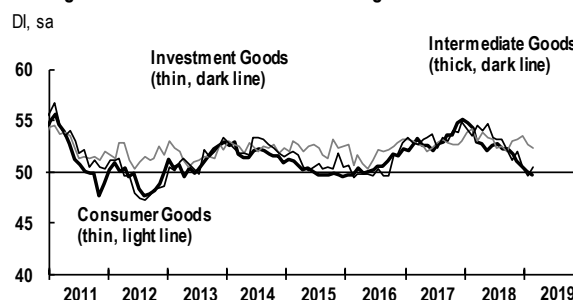
Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“The rates of expansion in global manufacturing output and orders held broadly steady in February. Slower growth in the US and contractions in Japan and the euro area were offset by a stabilisation in China. The outlook remains lacklustre, as stagnant new order growth, declining international trade volumes and weak business confidence rein in the prospects of output growth staging a meaningful revival in the coming months.”

JPMorgan Global Manufacturing PMI



JPMorgan Global PMI Sectors: Manufacturing PMI



Global Manufacturing PMI™ Summary

50 = no change on prior month.

| Index | Jan. | Feb. | +/- | Summary |
|---------------|------|------|-----|-------------------------|
| Global PMI | 50.8 | 50.6 | - | Rising, slower rate |
| Output | 50.8 | 50.7 | - | Rising, slower rate |
| New Orders | 50.1 | 50.1 | = | Rising, same rate |
| New Exports | 49.4 | 49.1 | - | Falling, faster rate |
| Employment | 51.1 | 51.1 | = | Rising, same rate |
| Input Prices | 54.1 | 53.6 | - | Rising, slower rate |
| Output Prices | 51.5 | 52.1 | + | Rising, faster rate |
| Future Output | 60.7 | 59.2 | - | Positive, lesser extent |

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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 13,500 purchasing executives in over 40 countries. Together these countries account for an estimated 98% 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 | 21.6% | IHS Markit | – | www.ihsmarkit.com/products/pmi.html |
| Before Feb-2010 | | ISM | – | www.ism.ws |
| China | 12.7% | IHS Markit | Caixin | www.caixin.com |
| Japan | 7.7% | IHS Markit | Nikkei | www.nikkei.co.jp/nikkeiinfo/en/ |
| Germany | 4.8% | IHS Markit | BME | www.bme.de |
| France | 3.6% | IHS Markit | – | www.ihsmarkit.com/products/pmi.html |
| United Kingdom | 3.5% | IHS Markit | CIPS | www.cips.org |
| India | 3.3% | IHS Markit | Nikkei | www.nikkei.co.jp/nikkeiinfo/en/ |
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| Switzerland | 0.8% | procure.ch | Credit Suisse | www.procure.ch , www.credit-suisse.ch |
| Poland | 0.7% | IHS Markit | – | www.ihsmarkit.com/products/pmi.html |
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¹ Data from the IHS 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 (2017 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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