

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 nine-month low in May

May PMI data indicated that global manufacturing production rose at the same pace as March's eight-month low. The main constraint on achieving faster output growth was a moderation in the pace of expansion of new business to the lowest since June 2017. A further factor was a slowdown in growth of new export orders to near-stagnation.

The J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted a nine-month low of 53.1 in May, down from 53.5 in April. The average reading so far in quarter two (53.3) is indicative of a mild growth deceleration compared to the opening quarter (54.0).

Please note that due to later than usual release dates the PMI data for Indonesia and Malaysia manufacturing were not available for inclusion in the May 2018 global PMI numbers.

The best performing sub-sector was investment goods in May. This was the only industry covered to see an improved PMI level – to a five-month high – and faster growth of both output and new orders. In contrast, the PMI readings for the consumer and intermediate goods categories fell to two- and 11-month lows respectively, as both sectors saw rates of expansion in production and new work ease.

The regional breakdown of the latest results showed that the US outperformed the euro area for the second straight month. The former is currently enjoying one of its best growth spells during the past four years so far in the second quarter. The eurozone is still achieving a relatively solid pace of expansion, although the upturn has waned since the turn of the year and is currently the slowest for 15 months.

Growth eased to a seven-month low in Japan and an 11-month low in Taiwan during May. The China PMI also remained at a subdued level (albeit still above 50.0) and the downturn in South Korea also continued. The Russia PMI signalled contraction for the first time in 22 months, while the upturn in Brazil slowed to near-stagnation.

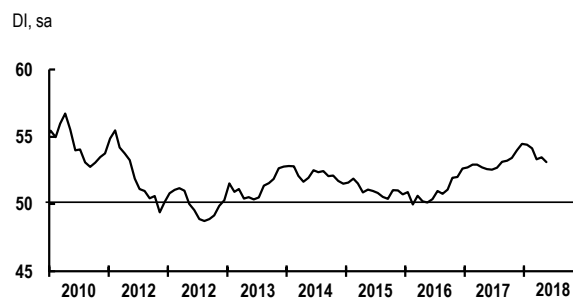
Global manufacturing employment increased at the weakest pace for ten months in May. Job creation was registered in the majority of the nations covered, the exceptions being cuts in China, South Korea, Russia, Turkey and Thailand.

Price pressures intensified in May, with rates of increase in input costs and output charges strengthening for the second successive month. Inflation of both measures is (on average) faster in developed nations than emerging markets.

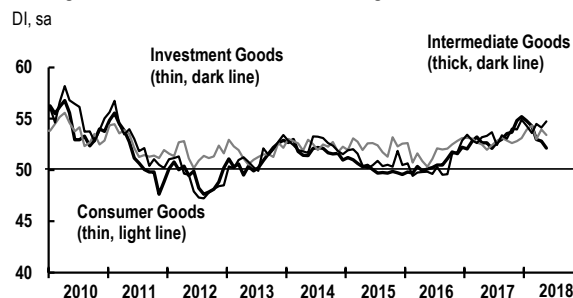
Commenting on the survey, David Hensley, Director of Global Economic Coordination at J.P.Morgan, said:

“The May PMI data suggest global manufacturing output growth is holding up well. Output growth is down from the robust pace of 2H17 but it remains solid. Our separate measures of global final goods demand are firming this quarter, supporting output growth. However, the PMI suggests that inventory growth may be decreasing. Such a shift in the mix of demand would be positive for the future.”

JPMorgan Global Manufacturing PMI



JPMorgan Global PMI Sectors: Manufacturing PMI



Global Manufacturing PMI™ Summary

50 = no change on prior month.

| Index | Apr. | May | +/- | Summary |
|---------------|------|------|-----|-------------------------|
| Global PMI | 53.5 | 53.1 | - | Rising, slower rate |
| Output | 53.9 | 53.4 | - | Rising, slower rate |
| New Orders | 53.8 | 53.4 | - | Rising, slower rate |
| New Exports | 51.0 | 50.7 | - | Rising, slower rate |
| Employment | 52.3 | 51.8 | - | Rising, slower rate |
| Input Prices | 60.4 | 60.8 | + | Rising, faster rate |
| Output Prices | 54.1 | 54.4 | + | Rising, faster rate |
| Future Output | 64.2 | 63.9 | - | 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 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% | IHS Markit | – | www.ihsmarkit.com |
| Before Feb-2010 | 22.2% | ISM | – | www.ism.ws |
| China | 11.9% | IHS Markit | Caixin | www.caixin.com |
| Japan | 7.6% | IHS Markit | Nikkei | www.nikkei.co.jp/nikkeiinfo/en/ |
| Germany | 4.9% | IHS Markit | BME | www.bme.de |
| France | 3.7% | IHS Markit | – | www.ihsmarkit.com |
| United Kingdom | 3.6% | IHS Markit | CIPS | www.cips.org |
| Brazil | 3.1% | IHS Markit | – | www.ihsmarkit.com |
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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 (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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