

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 growth remains solid at start of 2018

The global manufacturing sector made a positive start to 2018, with rates of growth in output and new orders staying close to highs reached before the turn of the year. At 54.4 in January, the J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – was only a tick below December’s near seven-year record.

Please note that a later than usual release date meant final PMI data were not available for Malaysia. The annual review of the global PMI weights has also been implemented, resulting in minor revisions to the time series back histories from 2013 onwards.

The upturn remained broad-based, with growth signalled in the consumer, intermediate and investment goods industries and across almost all of the nations covered by the survey. The sole exception was Indonesia, where operating conditions were broadly stagnant during January.

The euro area remained the principal growth engine of global manufacturing expansion during January. Although the eurozone PMI slipped to a three-month low, from December’s record high, solid expansions were still registered across all of the nations within the currency union covered by the survey.

The US PMI improved to a 34-month high. Accelerations were signalled in Mexico and Canada, while Brazil saw further expansion (albeit slower than December). Asia manufacturing also fared well, with rates of expansion picking up in Japan, Taiwan, Vietnam, Thailand and Myanmar, and holding steady in China. South Korea returned to growth following a minor contraction at the end of 2017.

Growth of global manufacturing production was underpinned by rising new order volumes. Inflows of new work continued to test capacity, leading to rising backlogs of work and encouraging further job creation. Employment rose in almost all of the nations covered, the exceptions being China, Indonesia, South Korea, Russia and Thailand. To meet rising output needs, firms also increased their purchasing activity to the greatest extent in almost seven years.

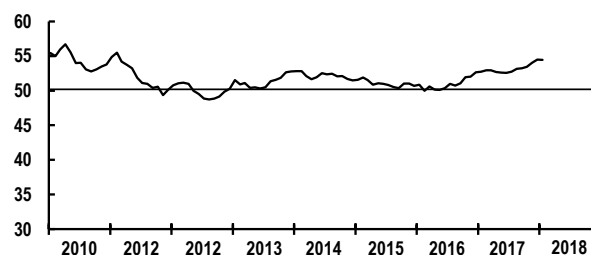
Rates of increase in input prices and output charges both accelerated during January. Selling price inflation was the second-highest in 80 months, bettered only during that sequence by November of last year. The pick-up in cost inflation was only minor, as stronger input price increases in the euro area, Japan, the UK and South Korea were largely offset by decelerations in the US and China.

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

“The start of 2018 saw a continuation of the solid upturn in global manufacturing performance, with rates of growth in production and new orders remaining close to December’s highs. With business confidence still robust and further job creation reported, the sector is on course to sustain its current solid pace of expansion into the coming months.”

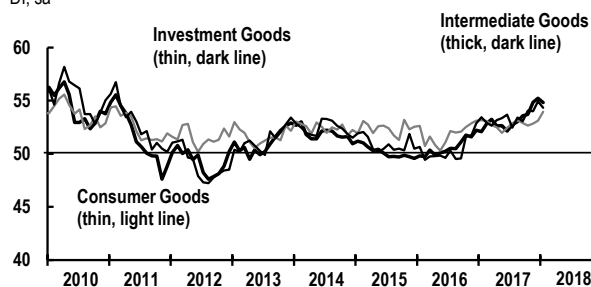
JPMorgan Global Manufacturing PMI

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JPMorgan Global PMI Sectors: Manufacturing PMI

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Global Manufacturing PMI™ Summary

50 = no change on prior month.

Index	Dec.	Jan.	+/-	Summary
Global PMI	54.5	54.4	–	Rising, slower rate
Output	55.6	55.6	=	Rising, unchanged rate
New Orders	55.9	55.4	–	Rising, slower rate
New Exports	53.9	54.1	+	Rising, faster rate
Employment	53.0	53.0	=	Rising, unchanged rate
Input Prices	61.3	61.4	+	Rising, faster rate
Output Prices	53.6	54.1	+	Rising, faster rate
Future Output	63.6	64.4	+	Positive, greater 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
India	3.1%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Italy	2.7%	IHS Markit	–	www.ihsmarkit.com
Canada	2.4%	IHS Markit	SCMA	www.scma.com
Russia	2.2%	IHS Markit	–	www.ihsmarkit.com
Spain	1.9%	IHS Markit	AERCE	www.aerce.org
Australia	1.7%	IHS Markit	Commonwealth Bank	www.commbank.com.au
South Korea	1.7%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Mexico	1.6%	IHS Markit	–	www.ihsmarkit.com
Indonesia	1.3%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Turkey	1.2%	IHS Markit	Istanbul Chamber of Industry	www.ihsmarkit.com
Netherlands (The)	1.2%	IHS Markit	NEVI	www.nevi.nl
Saudi Arabia ³	0.9%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Switzerland	0.8%	procure.ch	Credit Suisse	www.procure.ch , www.credit-suisse.ch
Taiwan	0.8%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Poland	0.7%	IHS Markit	–	www.ihsmarkit.com
Nigeria ³	0.6%	IHS Markit	Stanbic IBTC Bank	www.stanbicibtcbank.com/
South Africa ³	0.6%	IHS Markit	Standard Bank	www.standardbank.com
Austria	0.5%	IHS Markit	Unicredit Bank Austria	www.bankaustria.at , http://einkauf.opwz.com
Thailand	0.5%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
UAE ³	0.5%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Malaysia	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Denmark	0.4%	DILF	Kairoscommodities	www.dilf.dk , www.kairoscommodities.com
Ireland	0.4%	IHS Markit	Investec	www.investec.co.uk
Singapore ³	0.4%	IHS 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%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Hong Kong ³	0.4%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Egypt ³	0.3%	IHS Markit	Emirates NBD	www.emiratesnbd.com
Greece	0.3%	IHS Markit	HPI	www.hpi.org
Czech Republic	0.3%	IHS 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%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Hungary	0.2%	HALPIM	Hungarian National Bank	www.logisztika.hu
Myanmar	0.1%	IHS Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Kenya ³	0.1%	IHS Markit	Stanbic Bank	www.cfcstanbicbank.co.ke
Lebanon ³	0.1%	IHS Markit	BLOMINVEST Bank	www.blominvestbank.com

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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