

News Release

MARKET SENSITIVE INFORMATION
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J.P.Morgan Global Manufacturing PMI™

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

Global Manufacturing PMI signals stagnation in February

February saw the growth rate of global manufacturing output slow to near-stagnation. Inflows of new business rose only marginally, while new export orders and employment both contracted.

The J.P.Morgan Global Manufacturing PMI™ – a composite index¹ produced by J.P.Morgan and Markit in association with ISM and IFPSM – posted 50.0 in February, a 39-month low and identical to the no-change level that signals stagnation.

The downturn in emerging nations accelerated to its fastest since last September, while growth across the developed markets slowed to a 33-month low.

Manufacturing production and new orders both rose only slightly during February, with the respective rates of increase the weakest since the final quarter of 2012. Output growth slowed in the US, the eurozone, Japan, the UK and India. Production volumes contracted in China, Taiwan, Indonesia, Malaysia, Brazil and Canada.

The trend in international trade remained subdued in February, as levels of new export business contracted for the first time in five months. New export orders fell in the US, China, Japan, Taiwan and the UK, but rose in the eurozone, India, Malaysia, Vietnam and Brazil.

The lacklustre trends in output and new orders also filtered through to the labour market. Employment fell for the first time since last September, ending a four-month sequence of marginal job creation. Losses were heavily centred on emerging markets, with cuts reported by China, Brazil, India, Russia, Malaysia, and Indonesia. Employment also fell in the UK and Canada, but was raised in the US, the eurozone and Japan.

February saw a further depletion of inventories, as both stocks of purchases and finished goods posted declines. The reduction in the former partly reflected a decrease in the level of purchasing activity among manufacturers, the first contraction since August 2015.

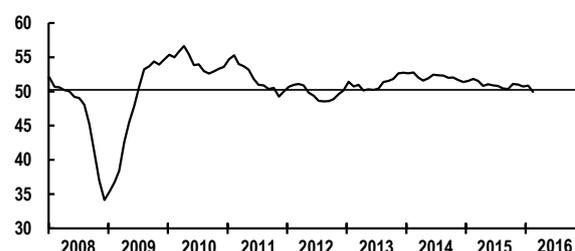
Average input prices fell for the sixth straight month in February, although the rate of deflation eased slightly

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

“The Global Manufacturing PMI posted at the stagnation mark in February, further highlighting the fragility of global industry at the start of the year. Inflows of new business and production volumes barely rose, while the trend in international trade deteriorated. Market conditions will need to improve in the short run if global manufacturing is to avoid falling back into contraction.”

JPMorgan Global Manufacturing PMI

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Global Manufacturing PMI™ Summary

50 = no change on prior month.

Index	Jan.	Feb.	+/-	Summary
Global PMI	50.9	50.0	-	Stagnation, from rising
Output	51.5	50.2	-	Expanding, slower rate
New Orders	51.4	50.4	-	Expanding, slower rate
New Exports	50.5	49.4	-	Falling, from rising
Employment	50.3	49.5	-	Falling, from rising
Input Prices	47.7	48.1	+	Falling, slower rate
Output Prices	49.4	48.9	-	Falling, faster rate

over the month. There was a disparity between the trends in emerging and developed markets. Emerging nations registered a slight increase in costs – led by Russia, Mexico and Brazil – whereas developed nations saw input prices fall (on average) at the steepest pace in over six-and-a-half years.

February saw average selling prices at global manufacturers decrease for the eighth successive month. Moreover, the rate of deflation was faster than that seen at the start of 2016.

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Notes to Editors:

The Global Report on Manufacturing is compiled by Markit based on the results of surveys covering over 10,000 purchasing executives in over 30 countries. Together these countries account for an estimated 89% of global manufacturing output¹. 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.markit.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.markit.com
Italy	3.0%	Markit	ADACI	www.adaci.it
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.markit.com
Spain	2.0%	Markit	AERCE	www.aerce.org
Mexico	1.8%	Markit	–	www.markit.com
Russia	1.7%	Markit	–	www.markit.com
Australia	1.5%	AiGroup	–	www.aigroup.asn.au
Netherlands (The)	1.3%	Markit	NEVI	www.nevi.nl
Turkey	1.2%	Markit	ISO	www.markit.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.markit.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
Ireland	0.4%	Markit	Investec	www.investec.co.uk
Malaysia	0.4%	Markit	Nikkei	www.nikkei.co.jp/nikkeiinfo/en/
Singapore	0.4%	SIPMM	–	www.sipmm.org.sg
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.markit.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/

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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