

Embargoed until 1100 EDT (1500 UTC) 1 August 2022

# J.P.Morgan Global Manufacturing PMI™

## Global manufacturing loses further momentum as developed world output contracts

### Key findings

Global manufacturing upturn stalls as production stagnates and new orders contract

Price inflation and supply chain pressures show further signs of easing

Business optimism falls to 26-month low

The global manufacturing sector started the third quarter on a weak footing, as output stagnated and new order intakes contracted. International trade flows continued to retrench, while the pace of job creation near-stalled. The darkening economic backdrop also hit business confidence, with optimism dipping to its lowest level since May 2020.

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and S&P Global in association with ISM and IFPSM – fell to a two-year low of 51.1 in July, down from 52.2 in June. The headline PMI, which is calculated as a weighted average of five sub-indices including output and new orders, stayed above the neutral 50.0 mark due to gains in stocks of purchases, employment and longer vendor lead times (albeit to lesser extents than June for the latter two).

*Please note that due to later release dates, data for Canada and Ireland were not available for inclusion in the July numbers.*

Manufacturing output stagnated in July, following a brief return to growth in June. Rates of expansion slowed in both the consumer and investment goods industries. Intermediate goods producers saw output contract for the third time in four months.

National PMI data indicated that the stalling of the upturn was largely due to weakness in developed nations, where production volumes contracted (on average) for the second month running and to the greatest extent since June 2020. Output declined in the US, the euro area, Japan and the UK.

Emerging markets saw output rise for the second month running in July. The rate of growth slowed, however, mainly reflecting a fading of the strong positive impact of an easing of lockdown restrictions in China during June. The performances among emerging nations were also more mixed than for developed nations. While upturns continued in China, India and Brazil, contractions were seen in nations such as Russia, Poland, Mexico and Turkey.

J.P.Morgan Global Manufacturing PMI™

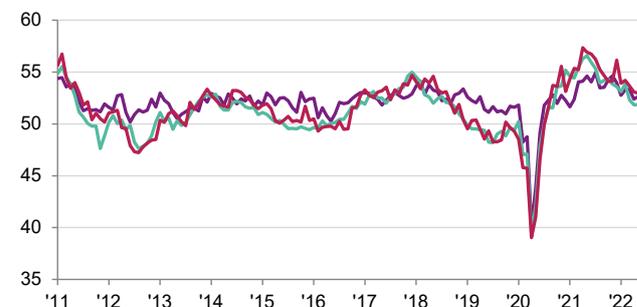
sa, >50 = improvement since previous month



Source: J.P.Morgan, S&P Global.

- Consumer Goods PMI
- Intermediate Goods PMI
- Investment Goods PMI

sa, >50 = improvement since previous month

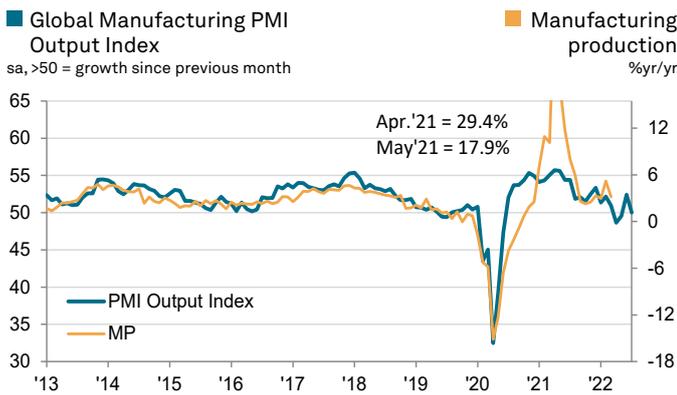


Source: J.P.Morgan, S&P Global.

### Index summary

sa, 50 = no change over previous month. \*50 = no change over next 12 months.

Index	Jun-22	Jul-22	Interpretation
PMI	52.2	51.1	Improvement, slower rate
Output	52.4	50.0	No change, from expanding
New Orders	50.1	49.0	Decline, from expanding
New Export Orders	49.5	48.0	Decline, faster rate
Future Output	59.2	58.7	Growth expected, weaker sentiment
Employment	51.3	50.5	Growth, slower rate
Input Prices	68.7	65.6	Inflation, slower rate
Output Prices	60.4	58.3	Inflation, slower rate



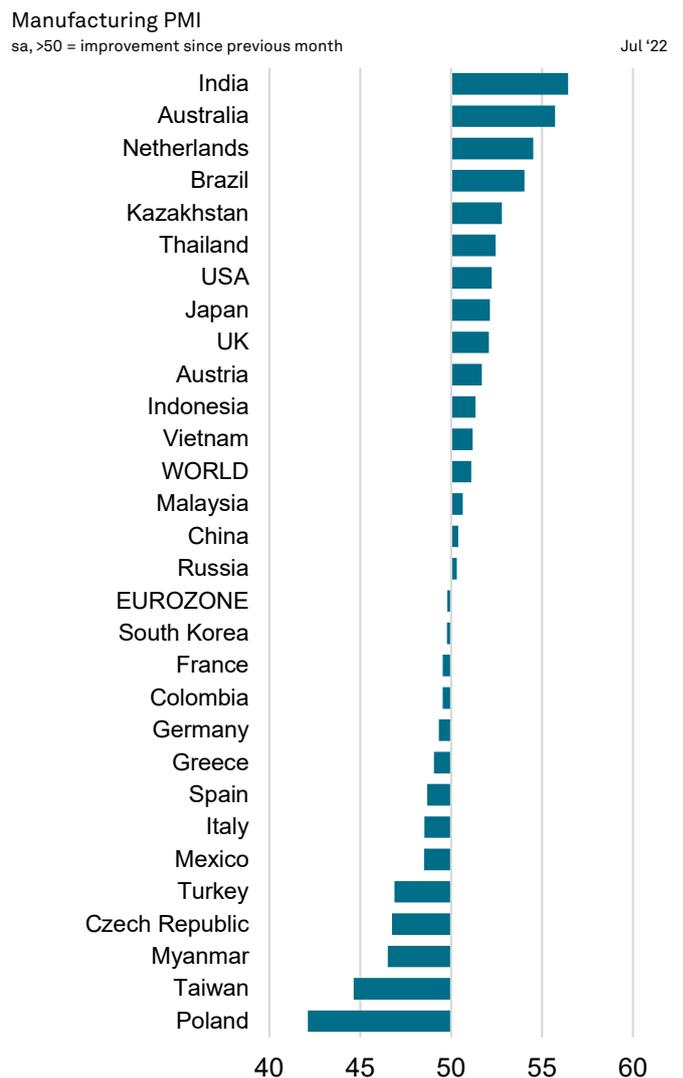
New business decreased for the first time since June 2020. National PMI data painted a similar picture for trends in new orders to that for output, with developed nations seeing a contraction (on average) compared to a mild upturn across emerging nations (led mainly by China, India and Brazil). New work intakes declined in the intermediate and investment goods industries and stagnated in the consumer goods category. New export business contracted for the fifth month running and at a faster pace.

The deteriorating economic backdrop was also reflected in jobs growth and business confidence. Although employment rose for the twenty-first consecutive month, the rate of increase was among the weakest during that sequence. Staffing levels continued to rise in the US, the euro area and Japan, but were lowered in China. Positive sentiment among global manufacturers meanwhile dipped to its lowest level since May 2020.

July saw rates of input cost and output charge inflation both ease to 17-month lows. Increases signalled for both price measures remained substantially higher (on average) in developed nations compared to emerging markets. In a further sign that supply chain pressures were passed their peak, the rate of lengthening in vendor lead times was the weakest since November 2020. Purchasing activity, stocks of purchases and finished goods inventories all rose during the month.

### Comment

Bennett Parrish, Global Economist at J.P.Morgan, said:  
*"The Global Manufacturing output PMI fell 2.4pts to 50.0 in July. The underlying dynamics of the survey are tracking levels typically reserved for recessions, with the new orders PMI dipping below 50 and jobs growth near-stalling. While supply chain bottleneck pressures appear to be abating, as evidenced by shortening delivery times and fading price pressures, these improvements largely reflect a softening in the pace of demand growth as a consequence of last quarter's surge in consumer prices."*



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**Survey methodology**

The J.P.Morgan Global Manufacturing PMI™ is produced by S&P Global in association ISM and IFPSM.

Global manufacturing PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in survey panels in over 40 countries (see table, right for full coverage), totalling around 13,500 companies. These countries account for 98% of global manufacturing value added\*.

Survey responses are collected in the second half of each month and indicate the direction of change compared to the previous month. A diffusion index is calculated for each survey variable, at the country level. The index is the sum of the percentage of 'higher' responses and half the percentage of 'unchanged' responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease. The indices are then seasonally adjusted.

Indices are calculated for the following variables: output, new orders, new export orders, future output, backlogs of work, employment, quantity of purchases, suppliers' delivery times, stocks of purchases, stocks of finished goods, input prices and output prices.

Global manufacturing indices are calculated by weighting together the country indices. Country weights are calculated from annual manufacturing value added\*.

The headline figure is the Global Manufacturing Purchasing Managers' Index™ (PMI). The PMI is a weighted average of the following five global indices: new orders (30%), output (25%), employment (20%), suppliers' delivery times (15%) and stocks of purchases (10%). For the PMI calculation the Suppliers' Delivery Times Index is inverted so that it moves in a comparable direction to the other indices.

Underlying survey data are not revised after publication, but seasonal adjustment factors may be revised from time to time as appropriate which will affect the seasonally adjusted data series.

For further information on the PMI survey methodology, please contact [economics@ihsmarkit.com](mailto:economics@ihsmarkit.com).

The J.P.Morgan Global Manufacturing PMI provides the first indication each month of world manufacturing business conditions. The data enable decision makers in the financial world and in government to make better judgements much earlier than would otherwise be the case. The wide coverage of the indices, together with their speed of production, accuracy and direct comparability, make them unmatched as economic indicators. They provide truly "must have" information for financial institutions of all kinds and for major corporations world-wide.

\* Source: World Bank World Development Indicators.

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JPMorgan Chase & Co. (NYSE: JPM) is a leading global financial services firm with assets of \$2.3 trillion and operations in more than 60 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset management and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients under its J.P. Morgan and Chase brands. [www.jpmorganchase.com](http://www.jpmorganchase.com).

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**About ISM**

Institute for Supply Management® (ISM®) serves supply management professionals in more than 90 countries. Its 50,000 members around the world manage about US\$1 trillion in corporate and government supply chain procurement annually. Founded in 1915 as the first supply management institute in the world, ISM is committed to advancing the practice of supply management to drive value and competitive advantage for its members, contributing to a prosperous and sustainable world. ISM leads the profession through the ISM Report On Business®, its highly regarded certification programs and the ISM Mastery Model®. [www.instituteforsupplymanagement.org](http://www.instituteforsupplymanagement.org)

**About IFPSM**

The International Federation of Purchasing and Supply Management (IFPSM) is the union of 48 National and Regional Purchasing Associations worldwide. Within this circle, about 250,000 Purchasing Professionals can be reached. IFPSM facilitates the development and distribution of knowledge to elevate and advance the procurement profession, thus favourably impacting the standard of living of citizens worldwide through improved business practices. The term procurement is taken to embrace purchasing, materials management, logistics, supply chain management and strategic sourcing. IFPSM is a non-political, independent and non-profit oriented International Organization. [www.ifpsm.org](http://www.ifpsm.org)

**About PMI**

Purchasing Managers' Index™ (PMI™) surveys are now available for over 40 countries and also for key regions including the eurozone. They are the most closely watched business surveys in the world, favoured by central banks, financial markets and business decision makers for their ability to provide up-to-date, accurate and often unique monthly indicators of economic trends. [ihsmarkit.com/products/pmi.html](https://ihsmarkit.com/products/pmi.html).

**Data sources**

Region	Producer	In association with
Australia	S&P Global	–
Austria	S&P Global	Unicredit Bank Austria / OPWZ
Brazil	S&P Global	–
Canada	S&P Global	–
China (mainland)	S&P Global	Caixin
Colombia	S&P Global	Daviyenda
Czech Republic	S&P Global	–
Denmark	DILF	Kairoscommodities
Egypt*	S&P Global	–
France	S&P Global	–
Germany	S&P Global	BME
Greece	S&P Global	HPI
Hong Kong SAR <sup>1</sup> *	S&P Global	–
Hungary	HALPIM	–
India	S&P Global	–
Indonesia	S&P Global	–
Ireland	S&P Global	AIB
Israel	IPLMA	Bank Hapoalim Ltd
Italy	S&P Global	–
Japan	S&P Global	au Jibun Bank
Kazakhstan	S&P Global	Tengri Partners
Kenya*	S&P Global	Stanbic Bank
Lebanon*	S&P Global	BLOMINVEST Bank
Malaysia	S&P Global	–
Mexico	S&P Global	–
Myanmar	S&P Global	–
Netherlands (The)	S&P Global	Nevi
New Zealand	Business NZ	Bank of New Zealand
Nigeria*	S&P Global	Stanbic IBTC Bank
Philippines (The)	S&P Global	–
Poland	S&P Global	–
Russia	S&P Global	–
Saudi Arabia*	S&P Global	–
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	AERCE
Switzerland	procure.ch	Credit Suisse
Taiwan	S&P Global	–
Thailand	S&P Global	–
Turkey	S&P Global	Istanbul Chamber of Industry
UAE*	S&P Global	–
United Kingdom	S&P Global	CIPS
United States <sup>2</sup>	S&P Global / ISM	–
Vietnam	S&P Global	–

\*Indices calculated from manufacturing responses extracted from survey panels covering the entire private sector economy.

<sup>1</sup>Hong Kong is a Special Administrative Region of China.

<sup>2</sup>US data compiled by ISM pre-February 2010 and by S&P Global post-January 2010.

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