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J.P.Morgan Global Manufacturing PMI™

Global Manufacturing PMI slips to 18-month low as rising headwinds hamper growth

Key findings

Manufacturing PMI at 53.0 in March

Europe and North America remain bright spots, growth subdued in Asia

Input cost and selling price inflation gather pace

March saw the rate of expansion in global manufacturing production slip to its lowest during the current 21-month sequence of increase. Output and demand growth were hampered by multiple headwinds, including ongoing COVID disruptions, stretched global supply chains, rising inflationary pressures and elevated geopolitical tensions.

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 an 18-month low of 53.0 in March, down from 53.7 in February. Although signalling an improvement in operating performance for the twenty-first consecutive month, the rate of growth was the weakest since September 2020.

Please note that due to a later-than-usual release date, data for India were not available for inclusion in the March numbers.

National PMI readings were above the neutral 50.0 mark for 23 out of the 30 nations for which March data were available. North America and the eurozone remained brighter growth spots. Six out of the ten top-ranked nations were members of the euro currency bloc, while the US and Canada were in fourth and third positions respectively. The UK and Australia completed the top-ten.

Manufacturing economies in the South America and Asia regions tended to fall towards the lower reaches of the PMI league table. Russia registered the lowest PMI reading, while China, Turkey, Mexico, Myanmar, Kazakhstan and Malaysia were the only other nations to signal contractions. Only modest growth was signalled for South Korea, Brazil, Colombia, Thailand and Vietnam.

The slowdown in manufacturing production was mainly focussed on the intermediate and investment goods sub-industries, both of which saw output growth ease to near-stagnation. Although the consumer goods sector fared better – with production rising at the quickest pace in three months – the pace of increase remained slightly below its

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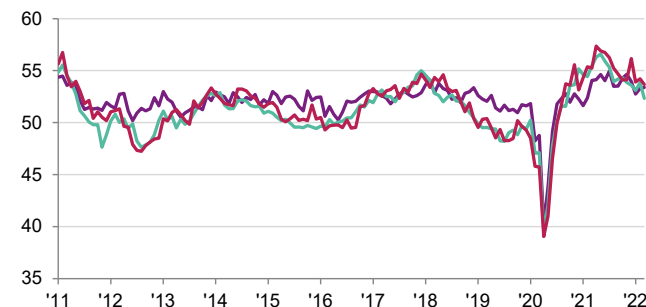
sa, >50 = improvement since previous month



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

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

sa, >50 = improvement since previous month

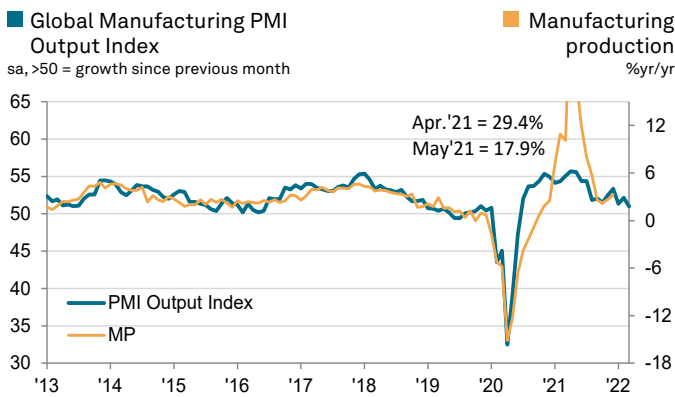


Source: J.P.Morgan, S&P Global.

Index summary

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

Index	Feb-22	Mar-22	Interpretation
PMI	53.7	53.0	Improvement, slower rate
Output	52.2	51.0	Growth, slower rate
New Orders	53.7	51.4	Growth, slower rate
New Export Orders	51.0	48.2	Decline, from rising
Future Output	66.5	62.7	Growth expected, weaker sentiment
Employment	51.6	52.0	Growth, faster rate
Input Prices	68.5	71.4	Inflation, faster rate
Output Prices	61.3	62.3	Inflation, faster rate



long-run average.

With the global manufacturing sector facing headwinds hampering growth, business optimism waned in March. Although companies still (on average) expect production to rise over the coming year, the overall degree of positive sentiment dipped to a one-and-a-half year low.

March saw employment raised for the seventeenth successive month, with the rate of increase hitting a seven-month high. Jobs growth reflected efforts to meet rising demand and also address staff shortages accumulated so far during the re-opening of the global economy following pandemic lockdowns. Among the larger industrial nations covered by the survey, staffing levels rose in the US, China, the euro area, Japan, the UK, South Korea and Brazil. Russia, Mexico, Vietnam, Malaysia, the Philippines, Thailand and Kazakhstan were the only nations to report contractions.

Global supply chains remained stretched during March. This was highlighted by a further marked lengthening of average supplier lead times. The extent of the increase in delivery times remained among the steepest in the survey history and was also slightly more marked than in the prior month.

The imbalance between supply and demand for inputs was a major factor contributing to a further rise in manufacturers' purchasing costs during March. Average input prices rose at the fastest pace in four months and at a rate well above the long-run average. Part of the increase was passed on to clients through higher charges, as output prices also rose at a faster clip (a five-month high).

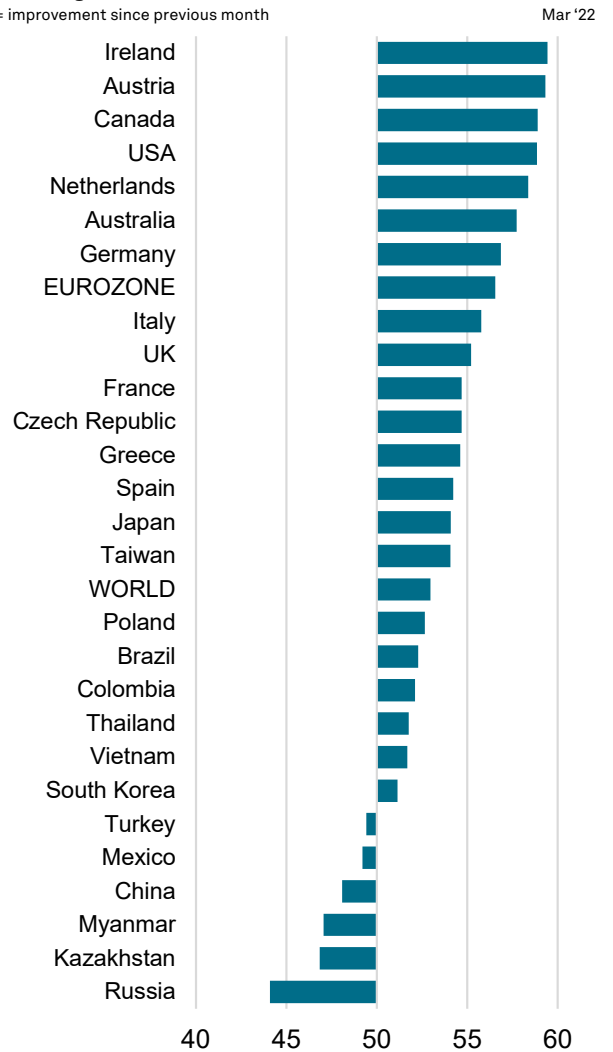
Comment

Olya Borichevska, Global Economist at J.P.Morgan, said:

"The Manufacturing PMI fell to an 18-month low in March, with the indices for output and new orders down by 1.2pts and 2.3pts respectively. Manufacturers are being buffeted by several headwinds. In Europe the war in Ukraine is creating a drag on activity while global supply chains remain stretched and are at risk of deterioration as China battles the worst virus outbreak in two years. The US was a bright spot in today's report where the PMI posted a solid bounce."

Manufacturing PMI

sa, >50 = improvement since previous month



Sources: J.P.Morgan, S&P Global, Unicredit Bank Austria, Caixin, Davivienda, BME, HPI, AIB, Jibun Bank, NEVI, AERCE, Istanbul Chamber of Industry, CIPS.

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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.

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.

About J.P.Morgan

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.

About S&P Global

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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

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

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.

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 ¹ *	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 ²	S&P Global / ISM	–
Vietnam	S&P Global	–

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

¹Hong Kong is a Special Administrative Region of China.

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

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