News Release

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J.P.Morgan Global Manufacturing PMI™

Global manufacturing downturn continues in July as output and new order fall at faster rates

Key findings

Manufacturing PMI unchanged at 48.7

Sharp downturn in euro area; Asia shows signs of weakness

International trade flows deteriorate further

The global manufacturing sector remained mired in contraction at the start of the second half of the year. July saw output decline further as the downturn in new order intakes was extended to a thirteenth consecutive month.

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 – held steady at 48.7 in July, to stay below the critical 50.0 no-change mark for the eleventh month in a row.

Note: due to later-than-usual release dates, July data for Myanmar and Thailand were not available for inclusion in the global numbers.

Manufacturing production decreased for the second month in a row in July, with the rate of contraction gathering pace. The main drag on output was a severe downturn in activity in the euro area, where production contracted to the greatest extent since the height of the global pandemic in spring 2020. The performances of Austria, Germany and Italy were especially weak.

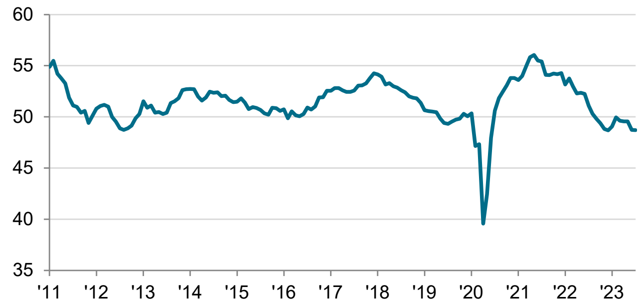
There were also signs of weakness developing in Asia. Japan, mainland China, South Korea, Taiwan, Vietnam and Malaysia all saw output contract. North America was a comparative bright spot, with mild growth in Canada and Mexico. A slight expansion of output in the US represented a stabilisation following June's marked retrenchment.

Data broken down by sector signalled that output and new orders contracted across the consumer, intermediate and investment goods industries. All three sub-industries also saw marked reductions in new export business.

The downturn at global manufacturers was driven by several factors, including weak new order intakes, deteriorating international trade flows and a correction in stock levels in response to the weak demand environment. The level of new work placed has fallen in each month since July 2022, with the latest rate of decline the steepest for six months. Among the major industrial regions covered by the survey, lower new

J.P.Morgan Global Manufacturing PMI™

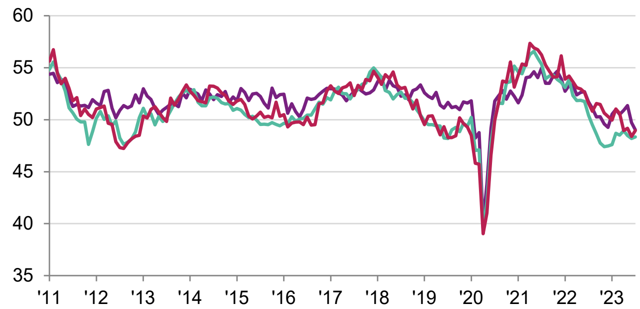
sa, >50 = improvement since previous month



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

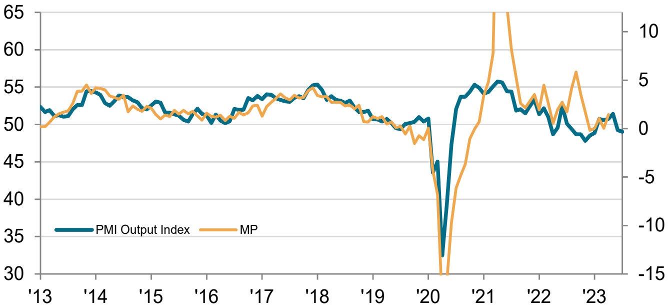
sa, 50 = no change over previous month. *50 = no change over next 12 months.

Index	Jun-23	Jul-23	Interpretation
PMI	48.7	48.7	Deterioration, same rate
Output	49.3	49.0	Decline, faster rate
New Orders	48.0	47.7	Decline, faster rate
New Export Orders	47.1	46.4	Decline, faster rate
Future Output	59.6	60.8	Growth expected, better sentiment
Employment	50.0	50.2	Growth, from no change
Input Prices	48.3	49.3	Decline, slower rate
Output Prices	49.2	49.6	Decline, slower rate

PMI™ by S&P Global

ISM institute for supply management

IFPSM

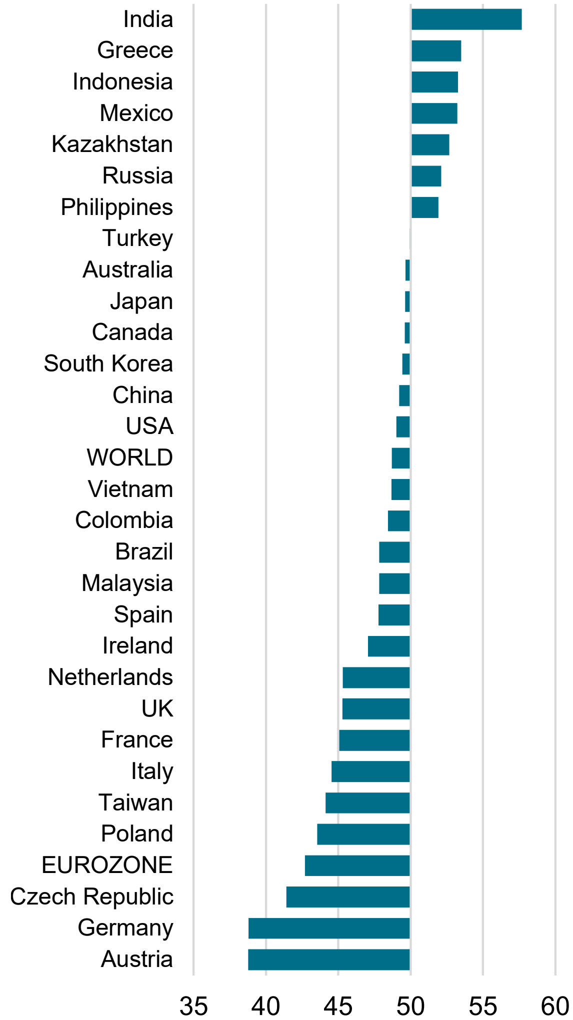


Sources: J.P.Morgan, S&P Global.

order inflows were seen in the US, the euro area, Japan and China. The downturn in the eurozone was especially steep, being the second-fastest since May 2020.

New export business fell for the seventeenth successive month, with the rate of contraction the fastest in the year-so-far. Of the 27 nations for which exports PMI data were available, only seven (Canada, India, Mexico, the Philippines, Indonesia, Greece and South Korea) registered increases. Among the larger nations, the decline in the euro area was especially marked. Inventories of both raw materials and finished goods were depleted, with some companies noting they were over-stocked in relation to current demand needs.

Other forward-looking indicators highlighted the risk of the downturn continuing in coming months. Backlogs of work fell again, while the new orders-to-inventory ratio remained at a level signalling contraction. That said, manufacturers optimism about the year-ahead improved slightly. Manufacturing employment ticked higher in July, after being unchanged in each of the prior two months. On the price front, input costs fell for the third month running.



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

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said:

“The July PMIs signal continued momentum loss in global manufacturing. Output and new orders moved lower again last month, dragged down by acute weakness in the Euro area and signs of a slowdown in China. Near-term forward-looking indicators also headed lower, most notably the finished goods orders-to-inventory ratio, which fell further below 1.0 from an already contractionary reading. The weak environment is softening inflationary pressures, however, with input and output prices remaining below the 50 mark."

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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

S&P Global (NYSE: SPGI) S&P Global provides essential intelligence. We enable governments, businesses and individuals with the right data, expertise and connected technology so that they can make decisions with conviction. From helping our customers assess new investments to guiding them through ESG and energy transition across supply chains, we unlock new opportunities, solve challenges and accelerate progress for the world.

We are widely sought after by many of the world's leading organizations to provide credit ratings, benchmarks, analytics and workflow solutions in the global capital, commodity and automotive markets. With every one of our offerings, we help the world's leading organizations plan for tomorrow, today. www.spglobal.com.

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	Judo Bank
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	Davivienda
Czech Republic	S&P Global	–
Denmark	DILF	–
Egypt*	S&P Global	–
Eurozone	S&P Global	HCOB
France	S&P Global	HCOB
Germany	S&P Global	HCOB
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	HCOB
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	Riyad Bank
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	HCOB
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.

[1]Hong Kong is a Special Administrative Region of China.

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

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