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J.P.Morgan Global Manufacturing PMI™

Global Manufacturing PMI rises to ten-year high as growth of output, new orders and employment gather pace

Key findings

Manufacturing PMI at 55.0 in March

Solid growth across consumer, intermediate and investment goods sectors

Euro area, US and Taiwan lead global growth rankings

Conditions in the global manufacturing sector continued to brighten at the end of the first quarter, despite the potential for growth to be stymied by rising cost inflationary pressures and supply-chain disruptions.

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – rose to 55.0 in March, a 121-month high and its best reading since February 2011. The level of the PMI was supported by stronger growth of output, new orders and employment. A slower decrease in stocks of purchases and lengthening of vendor lead times also had a positive impact.

Notes: Due to later-than-usual release dates, March 2021 data for Colombia, India, Mexico and the Philippines were not available for inclusion in the global manufacturing figures.

PMI readings were above 50.0 – signalling improvement – in 23 out of the 27 surveys for which March data were available. Five of the six top-ranked nations were located in the euro area (Germany, the Netherlands, Austria, Italy and France), taking the combined PMI for the currency bloc to its highest on record, with unsurpassed readings also registered in both Germany and the Netherlands. Outside the euro area, the strongest improvements were seen in Taiwan and the US. Improvements were signalled for Japan and China, but both PMIs were below the global average.

Sub-sector PMI data indicated that operating conditions improved across the consumer, intermediate and investment goods industries in March. The highest PMI reading was for intermediate goods (121-month high) followed closely by investment goods (two-month low). Growth improved to a 37-month record in the consumer goods category.

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

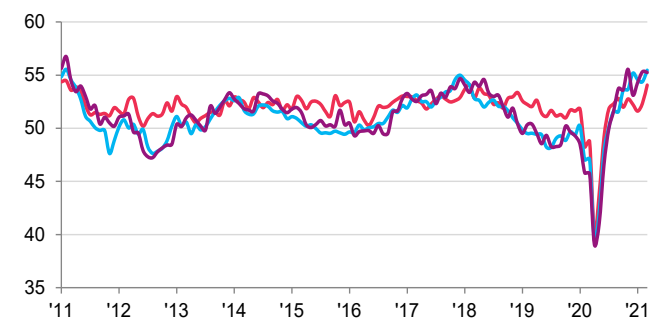


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month



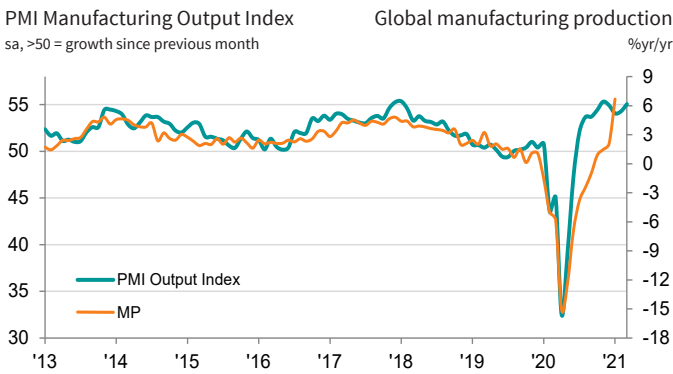
Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Feb-21	Mar-21	Interpretation
PMI	53.9	55.0	Improvement, faster rate
Output	54.3	55.1	Growth, faster rate
New Orders	54.0	55.8	Growth, faster rate
New Export Orders	51.0	53.4	Growth, faster rate
Future Output	67.2	66.5	Growth expected, lesser sentiment
Employment	50.7	51.5	Growth, faster rate
Input Prices	65.1	68.2	Inflation, faster rate
Output Prices	55.7	59.3	Inflation, faster rate

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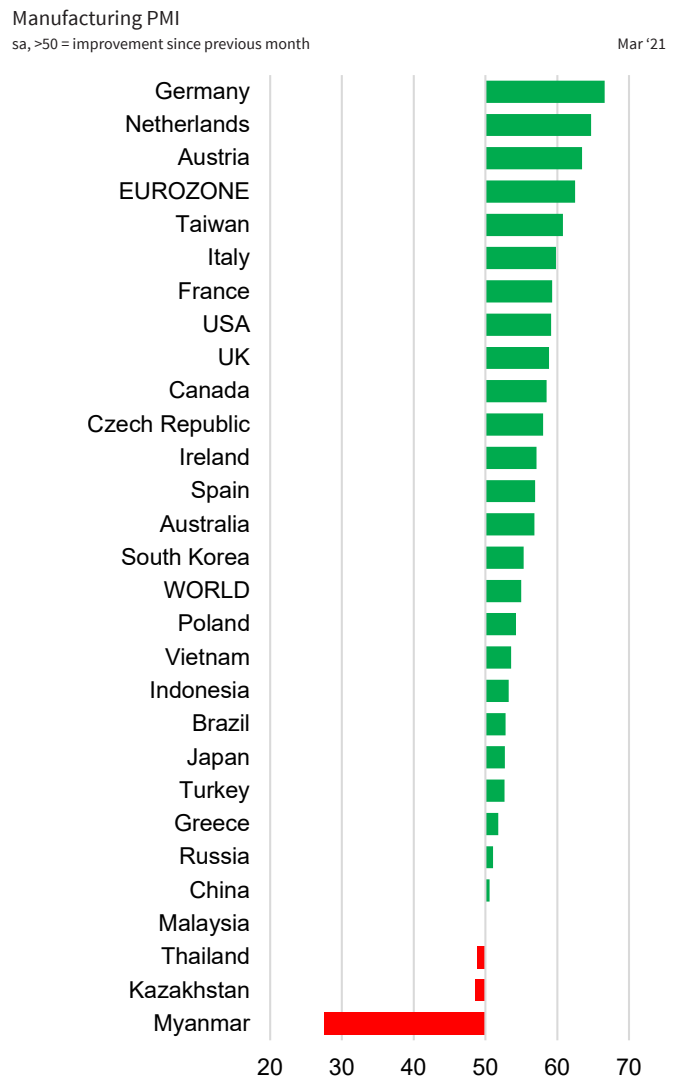


Manufacturing production increased at one of the quickest rates over the past decade, underpinned by the strongest expansion of incoming new work for just over a decade. International trade flows also picked up pace, with growth of new export business the steepest since January 2018.

Efforts to raise production further were stymied by supply-chain disruptions in March, with input delivery schedules delayed by longer vendor lead times. The increase in supplier delivery times was the second-greatest extent on record, surpassed only by April last year. The combination of increased new orders at manufacturers and supply-chain delays was the main factor underlying a sharp rise in backlogs of work, the steepest since May 2010.

Demand outstripping supply also contributed to a marked increase in purchasing costs during March. Input price inflation surged to a near-decade high, the pass-through of which led to the steepest rise in output charges since data on selling prices were first tracked in October 2009.

Manufacturing employment rose for the fifth consecutive month in March, and to the greatest extent since November 2018. Jobs growth was registered in almost all of the nations covered, with notable exceptions being decreases in China and Brazil. Business optimism dipped slightly from February's 81-month high.



Comment

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

“The performance of the global manufacturing sector continued to strengthen in March consistent with the idea that global activity is rebounding as vaccinations become more available. In the latest PMI surveys, both the output and new orders PMIs increased by a solid amount. The new orders to finished goods inventory ratio at 1.2 stood out as it marked a high since 2010 suggesting strength in the manufacturing sector near-term. However, the high ratio also likely reflects bottlenecks and supply-chain disruption which are feeding into pricing. Both the input and output prices PMIs increased again in March with the output prices PMI marking a record high in the series that dates back to 2009.”

Methodology

The J.P.Morgan Global Manufacturing PMI™ is produced by IHS Markit in association with ISM and IFPSM.

Global manufacturing PMI indices are compiled by IHS Markit 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.

Data sources

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

*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 IHS Markit post-January 2010.

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About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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 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

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