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J.P.Morgan Global Manufacturing PMI®

Weak demand leads to further cuts to output, employment and inventories in October

Key findings

Manufacturing PMI falls to 48.8 in October

New orders decline for sixteenth month

Job losses mount as confidence dips to 11-month low

Global manufacturing started the final quarter of the year on a weak footing. Output contracted for the fifth month running in October, reflecting a further deterioration in new orders. The lack of demand led to a less positive outlook among manufacturers – optimism dipped to an 11-month low – leading to cut backs in employment, purchasing and inventories.

Note: due to a later-than-usual release date, October data for the Philippines were not available for inclusion in the global numbers.

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 three-month low of 48.8 in October, down from 49.2 in September and below the neutral 50.0 mark for the fourteenth consecutive month. This is the longest sequence of deterioration since the downturn registered between December 2000 to February 2002.

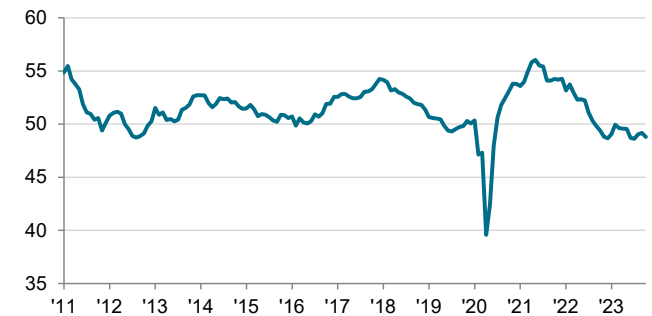
Europe remained the principal drag on global factory output in October, with the eight fastest contracting manufacturing nations all located on the continent (Germany, France, the Netherlands, Poland, Czechia, Austria, the UK and Italy). There was also a slight dip in production volumes (on average) in Asia, as strong growth in India and modest expansions in Indonesia and Thailand were more than offset by contractions in mainland China and Japan (among others). The US eked out a second consecutive mild increase in output volumes.

Data broken down by sector signalled that the deterioration was confined to the intermediate and investment goods industries, as both saw output contract during October. In contrast, consumer goods production rose at the quickest pace in five months. Levels of new work received contracted across all three categories. This meant that combined new order books decreased for a survey-record sixteenth straight month. International trade flows also deteriorated, with new export business falling for the twentieth month running.

The current downturn led to further caution among

J.P.Morgan Global Manufacturing PMI

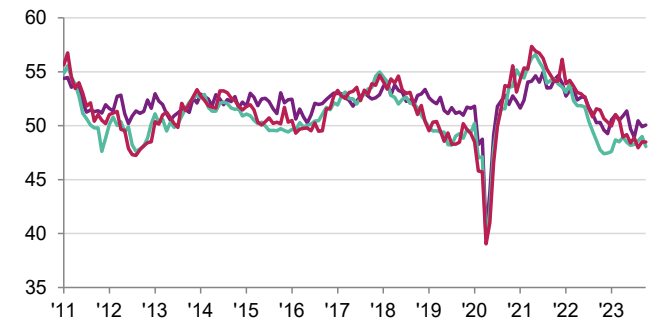
sa, >50 = improvement since previous month



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

Consumer Goods PMI
Intermediate Goods PMI
Investment Goods PMI

sa, >50 = improvement since previous month

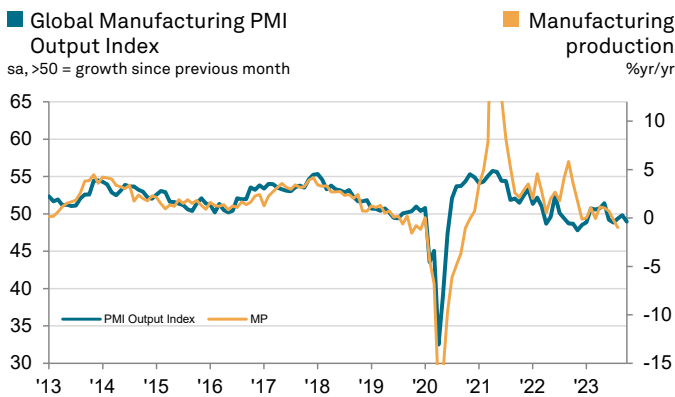


Source: J.P.Morgan, S&P Global PMI.

Index summary

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

Index	Sep-23	Oct-23	Interpretation
PMI	49.2	48.8	Deterioration, faster rate
Output	49.8	48.9	Decline, faster rate
New Orders	48.4	48.6	Decline, slower rate
New Export Orders	47.6	47.5	Decline, faster rate
Future Output	60.7	58.5	Growth expected, lesser sentiment
Employment	49.7	48.7	Decline, faster rate
Input Prices	52.7	53.1	Inflation, faster rate
Output Prices	51.7	51.5	Inflation, slower rate



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

manufacturers, with October seeing cut backs in staffing, purchasing and inventory holdings. Employment fell for the second month running and to the greatest extent since August 2020. Job losses were registered in 21 out of the 30 nations for which data were available, including mainland China, the US, Japan, Germany and the UK. All three of the product categories covered (consumer, intermediate and investment goods) registered lower employment.

Input cost inflation accelerated in October, taking the rate of increase to a seven-month high. Part of the rise in purchase prices was passed on to clients, as highlighted by a further increase in average output charges. Both price measures have signalled inflation in each of the past three months. Emerging markets saw steeper rises (on average) in both input costs and selling prices than those generally seen in developed nations.

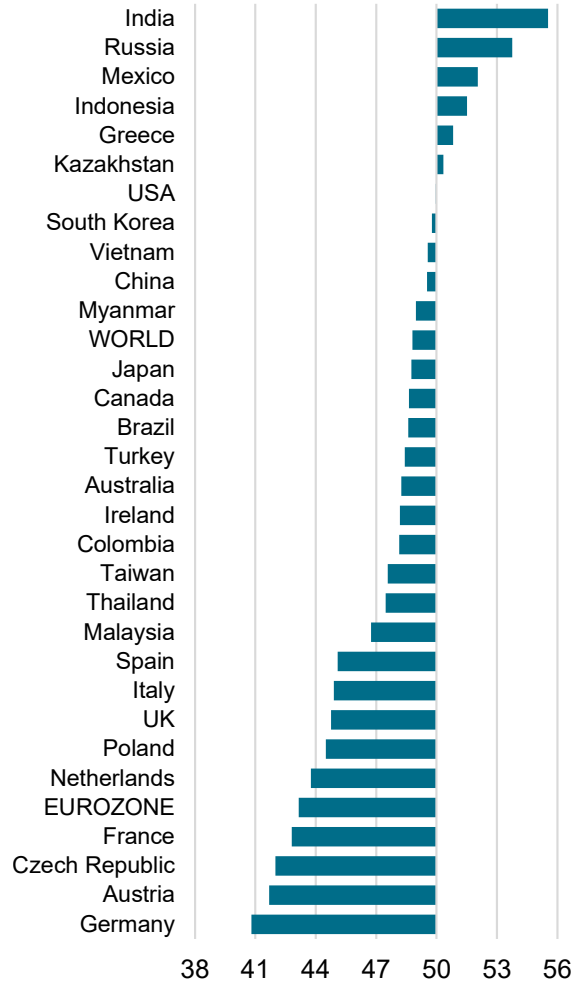
Comment

Bennett Parrish, Global Economist at J.P.Morgan, said: "The global manufacturing sector remained downbeat in October. The output index from the PMI survey dipped by 0.9pts to 48.9, its lowest level for three months. The downturn in new orders also extended to 16 months, a survey-record sequence of decline. This is leading to increased caution among manufacturers, with jobs, inventories and purchasing all cut back, while business optimism slumped to its weakest in almost a year. While Europe is still the main drag on world factory output, continued weakness in larger Asian manufacturers such as Japan and mainland China are also causes for concern."

Manufacturing PMI

sa, >50 = improvement since previous month

Oct '23



Sources: J.P.Morgan, S&P Global PMI, HCOB, Unicredit Bank Austria, Caixin, Davivienda, HPI, AIB, Jibun Bank, NEVI, 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 economic@spglobal.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.

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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. www.spglobal.com/marketintelligence/en/mi/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	–
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	UBS
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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