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J.P.Morgan Global Manufacturing PMI™

Global Manufacturing PMI signals further deterioration in September

Key findings

Global manufacturing production stagnates

New orders fall as international trade volumes weaken

Business optimism stays at series-record low

The global manufacturing sector deteriorated further in September, but edged closer to stabilisation. This was signalled by the J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – rising for the second month running to 49.7. Although still below the neutral mark of 50.0 that separates improvement from deterioration, it was the highest reading since May.

Downturns continued in the intermediate and investment goods sub-industries during September, with both seeing contractions in production and new order intakes. The consumer goods industry fared better, as output and new business both moved higher.

National PMI data signalled deteriorations in overall business conditions in 15 of the countries covered. Among the larger industrial regions, growth was registered in both the US and China. In contrast, Japan saw further contraction while the downturn in the euro area deepened. The rate of decline in the eurozone was the fastest in almost seven years, mainly due to a sharp deterioration in the performance of Germany.

Global manufacturing production was broadly stagnant in September, as reduced intakes of new business discouraged any meaningful expansion of output volumes. The trend in international trade flows also remained weak, as new export orders declined for the thirteenth consecutive month. The US, China, Germany and Japan were among the many nations to report a decrease in new export business.

September saw a further mild decrease in global manufacturing employment. Job losses have now been registered for five successive months. Reductions in the intermediate and investment goods sectors more than offset marginal jobs growth at consumer goods producers.

J.P.Morgan Global Manufacturing PMI™

sa, >50 = improvement since previous month

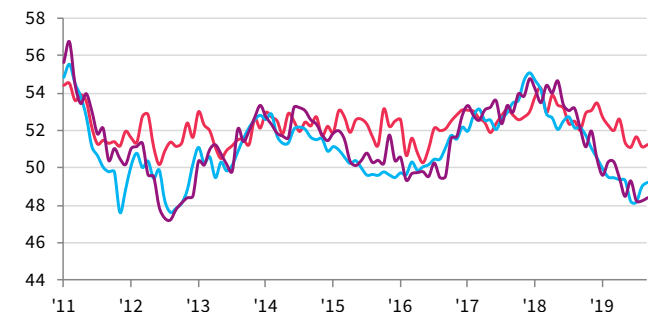


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

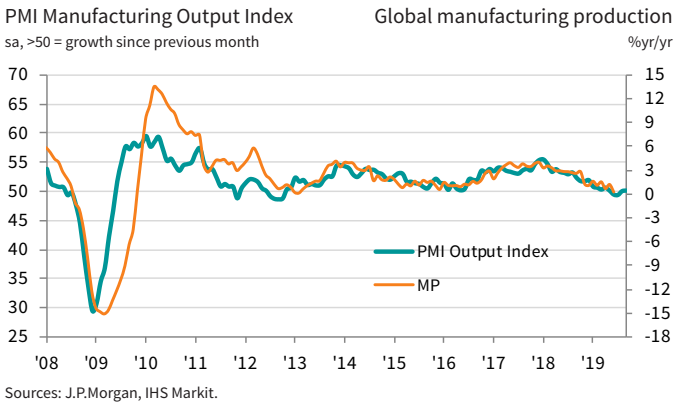


Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Aug-19	Sep-19	Interpretation
PMI	49.5	49.7	Deterioration, slower rate
Output	50.0	50.1	Growth, from stagnation
New Orders	49.0	49.4	Decline, slower rate
New Export Orders	47.4	48.0	Decline, slower rate
Future Output	56.7	56.7	Growth expected, same sentiment
Employment	49.6	49.5	Decline, faster rate
Input Prices	50.2	51.0	Inflation, faster rate
Output Prices	49.5	50.0	No change, from decline



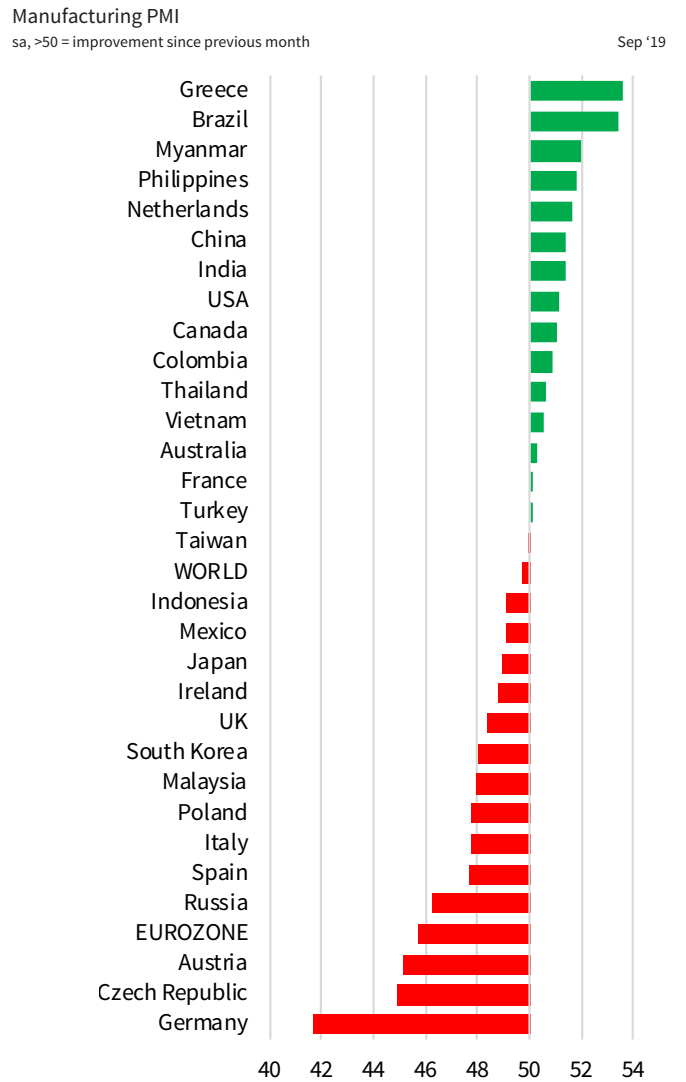
Price pressures remained broadly contained in the global manufacturing sector during September. Although input costs rose at a faster pace, the rate of inflation remained below its long-run survey average for the ninth successive month. Average selling prices were unchanged, following a mild decrease in August.

Business optimism was unchanged from August's series-record low in September. Consumer goods producers were the most optimistic about the future, followed by the intermediate goods category. Positive sentiment was lowest in the investment goods industry.

Comment

Olya Borichevska, from Global Economic Research at J.P.Morgan, said:

“The global manufacturing PMI sent a message of stability in September. The output index near 50.0 is broadly unchanged from its level in May and consistent with very modest growth in IP. Away from the output PMI, other components also stabilized though at depressed levels. For now, the PMI is consistent with our rest-of-the-year outlook in which we expect modest growth in global manufacturing output. Conditions will need to revive if manufacturing is to show a substantial recovery in the coming months.”



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, 2017.

Data sources

Region	Producer	In association with
Australia	IHS Markit	Commonwealth Bank
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	Jibun Bank
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.

Contact

Olya Borichevska
Economic & Policy Research
J.P.Morgan Chase Bank
New York
olya.e.borichevska@jpmorgan.com

Rob Dobson
Director
IHS Markit
T: +44 1491 461 095
rob.dobson@ihsmarkit.com

Joanna Vickers
Corporate Communications
IHS Markit
T: +44-207-260-2234
joanna.vickers@ihsmarkit.com

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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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