

Embargoed until 1100 EDT (1500 UTC) 1 September 2023

J.P.Morgan Global Manufacturing PMI™

Downturn in global manufacturing sector slows in August

Key findings

Manufacturing PMI rises to 49.0

Rates of contraction ease for output and new orders

Input costs and output prices edge higher

Although the downturn in the global manufacturing sector continued, with output falling for the third straight month, August PMI™ data provided signs that the contraction was easing. Rates of decline for production, total new orders and new export business all slowed and employment edged higher.

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 – rose to a three-month high of 49.0 in August, from 48.6 in July, to remain below the neutral 50.0 mark separating improvement from deterioration for the twelfth successive month.

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

August saw manufacturing production decline for the third successive month, as contractions in the intermediate and investment goods sub-industries more than offset mild growth in the consumer goods category. National PMI data signalled that the euro area remained a weak spot, with output contracting at a marked pace. Mainland China returned to growth, the US fell back into decline and the downturn in Japan continued.

Underlying the latest scaling back of global manufacturing production was a decrease in new orders. New business fell for the fourteenth month running, albeit at the slowest pace since May. The euro area, US and Japan all saw new work intakes contract, in contrast to a modest increase in mainland China. International trade flows declined, extending the current sequence of contraction to one-and-a-half years.

The ongoing downturn in new order intakes led to a further depletion of work-in-hand (but not yet completed) at factories. Backlogs of work declined for the fourteenth month running and at a similar pace to May, June and July. Job creation continued nonetheless, with employment rising for the second month running. That said, the rate of growth

J.P.Morgan Global Manufacturing PMI™

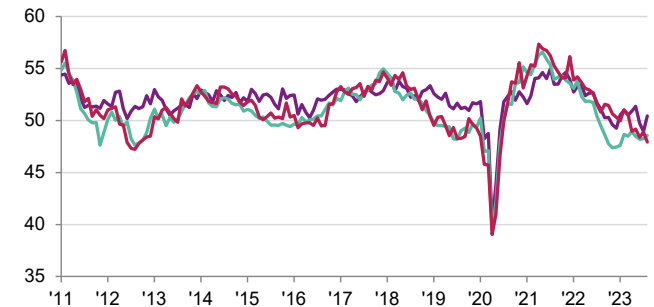
sa, >50 = improvement since previous month



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

Consumer Goods PMI
Intermediate Goods PMI
Investment Goods PMI

sa, >50 = improvement since previous month

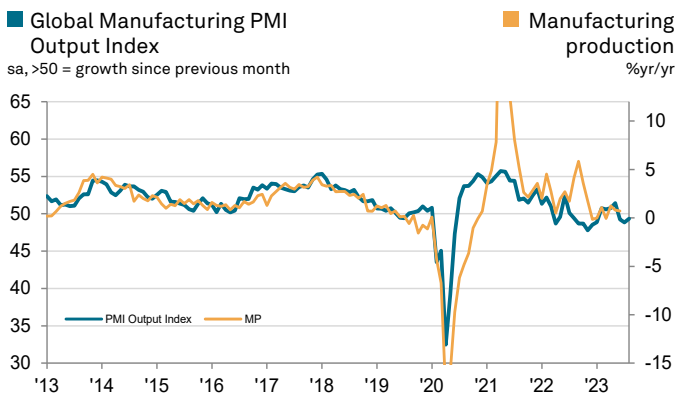


Source: J.P.Morgan, S&P Global PMI.

Index summary

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

Index	Jul-23	Aug-23	Interpretation
PMI	48.6	49.0	Deterioration, slower rate
Output	48.9	49.4	Decline, slower rate
New Orders	47.6	48.1	Decline, slower rate
New Export Orders	46.4	47.0	Decline, slower rate
Future Output	60.8	59.6	Growth expected, weaker sentiment
Employment	50.1	50.6	Growth, faster rate
Input Prices	49.3	51.1	Inflation, from declining
Output Prices	49.7	50.5	Inflation, from declining



remained modest, as rising workforce numbers in mainland China, the US and Japan (among others) were partly offset by cuts in other regions including the euro area and the UK.

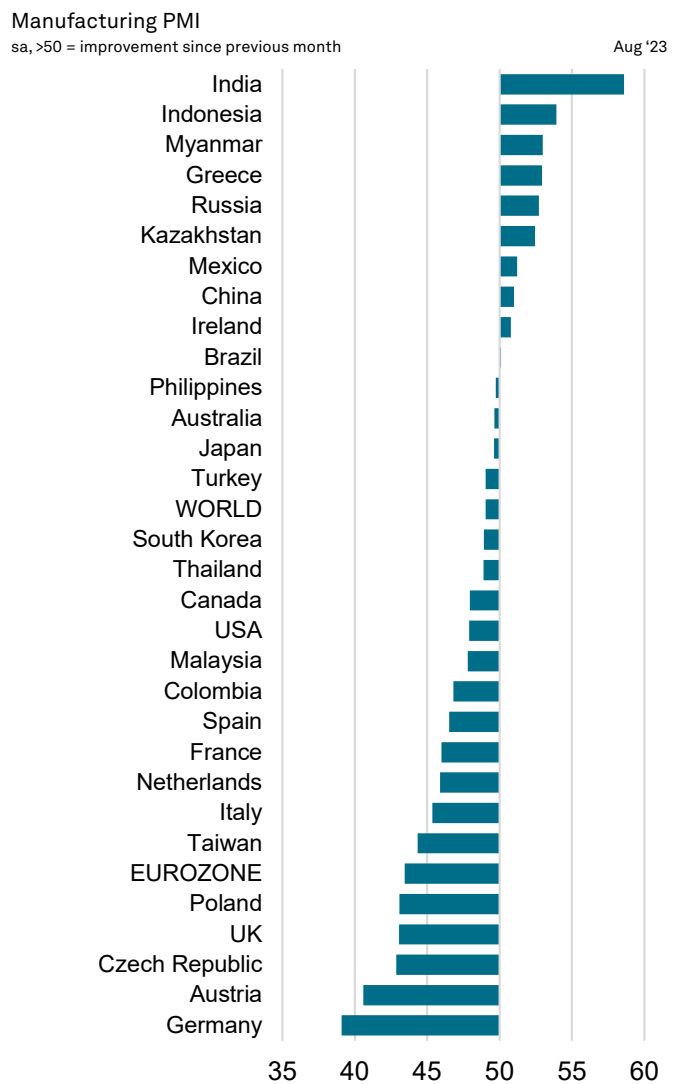
August PMI data provided further evidence that manufacturers are responding to the weaker economic backdrop by operating on a leaner footing. Purchasing activity, stocks of inputs and holdings of finished goods were all reduced during the latest survey month. Lower demand for raw materials also eased the pressure on supply chains, leading to a shortening of vendor lead times for the seventh month in a row.

Input costs and output charges increased during August, after both price measures had signalled decreases in each of the prior three months. Renewed cost inflationary pressure was mainly building in emerging markets – where purchase prices increased (on average) – in contrast to a further decrease among developed nations.

The outlook for the manufacturing sector remained subdued in August. Alongside declining order intakes, business optimism dipped to its joint-lowest level during the past nine months and the new orders-to-finished goods inventory ratio remained at a level signalling mild contraction.

Comment

Bennett Parrish, Global Economist at J.P.Morgan, said: "The August PMIs signaled a slight easing in the rate of contraction of the global manufacturing sector, with the output and new orders indexes advancing 0.5-point but remaining below the 50-mark. The improvement on the month owes almost entirely to a large 2.4-point jump in the China output index. Excluding China, the global output PMI declined nearly one point in August and is stuck at a level that does not point to much if any momentum lift in the manufacturing sector. There are other signs of tough times ahead, including a 1.2-point dip in the future output index and the new orders-to-inventory ratio remaining at a level consistent with output declines."



Contact

Bennett Parrish
 Economic & Policy Research
 J.P.Morgan Chase Bank
 New York
bennett.parrish@jpmchase.com

Rob Dobson
 Director
 S&P Global Market Intelligence
 T: +44 1491 461 095
rob.dobson@spglobal.com

Katherine Smith
 Corporate Communications
 S&P Global Market Intelligence
 T: +1 (781) 301-9311
katherine.smith@spglobal.com

If you prefer not to receive news releases from S&P Global, please email katherine.smith@spglobal.com. To read our privacy policy, click [here](#).

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@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	Daviyenda
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	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.

Disclaimer

The intellectual property rights to the data provided herein are owned by or licensed to S&P Global and/or its affiliates. Any unauthorised use, including but not limited to copying, distributing, transmitting or otherwise of any data appearing is not permitted without S&P Global's prior consent. S&P Global shall not have any liability, duty or obligation for or relating to the content or information ("data") contained herein, any errors, inaccuracies, omissions or delays in the data, or for any actions taken in reliance thereon. In no event shall S&P Global be liable for any special, incidental, or consequential damages, arising out of the use of the data. Purchasing Managers' Index™ and PMI™ are either registered trade marks of Markit Economics Limited or licensed to Markit Economics Limited and/or its affiliates.

This Content was published by S&P Global Market Intelligence and not by S&P Global Ratings, which is a separately managed division of S&P Global. Reproduction of any information, data or material, including ratings ("Content") in any form is prohibited except with the prior written permission of the relevant party. Such party, its affiliates and suppliers ("Content Providers") do not guarantee the accuracy, adequacy, completeness, timeliness or availability of any Content and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content.