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J.P.Morgan Global Manufacturing PMI™

Global Manufacturing PMI at 22-month low despite rebound in China

Key findings

Output rises after back-to-back contractions

Underlying fundamentals remain weak, as new orders stagnate and business optimism falls

Manufacturers still buffeted by stretched supply chains and elevated cost inflation

Global factory output returned to growth in June, as an easing in COVID restrictions in China started a recovery in the world's largest manufacturing economy. However, several underlying weaknesses and headwinds remained, including tapering growth of new order intakes, lower business confidence, elevated inflationary pressures and stretched global supply chains.

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 22-month low of 52.2 in June, from 52.3 in May, but remained above the neutral mark of 50.0 for the twenty-fourth successive month. 24 out of the 29 nations covered by the survey registered PMI readings above the no-change level, with only the Czech Republic, Myanmar, Poland, Taiwan and Turkey signalling contractions.

Please note that due to a later release date, data for Canada were not available for inclusion in the June numbers.

Global manufacturing production increased for the first time in three months in June. One of the main drivers of the rebound was China, where output growth was the strongest since November 2020 following three months of contraction.

Other major industrial regions generally saw slower rates of expansion or contractions. Growth slowed in the US, Japan, India, the UK and Brazil. The eurozone, and South Korea saw output decline.

The reliance of the rebound in world manufacturing output on China was reinforced by the Global Manufacturing Output Index. With China included in the calculation, the index rose from 49.6 in May to 52.5 in June. Excluding China from the calculation, the index dropped from 52.6 to 50.6, a level indicative of near-stagnation.

Data broken down by sector signalled a broad-based expansion of global production volumes in June. Growth was strongest in the consumer goods industry, hitting a seven-month high. Both the intermediate and investment goods

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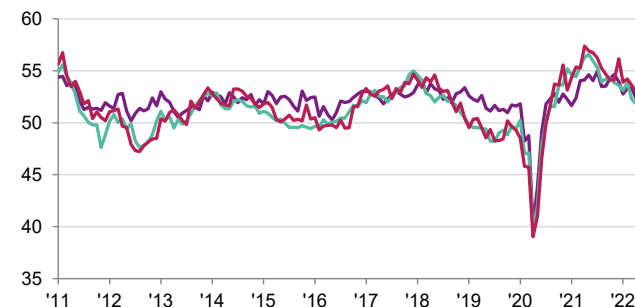
sa, >50 = improvement since previous month



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

- Consumer Goods PMI
- Intermediate Goods PMI
- Investment Goods PMI

sa, >50 = improvement since previous month

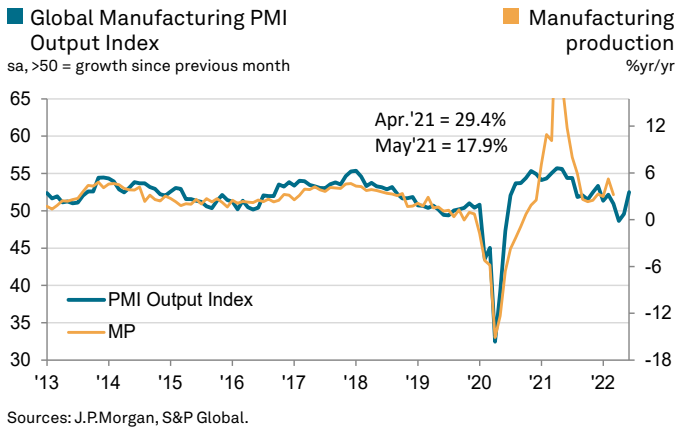


Source: J.P.Morgan, S&P Global.

Index summary

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

Index	May-22	Jun-22	Interpretation
PMI	52.3	52.2	Improvement, slower rate
Output	49.6	52.5	Growth, from contracting
New Orders	50.9	50.1	Growth, slower rate
New Export Orders	47.9	49.5	Decline, slower rate
Future Output	60.7	59.3	Growth expected, weaker sentiment
Employment	51.6	51.4	Growth, slower rate
Input Prices	70.3	68.6	Inflation, slower rate
Output Prices	61.5	60.5	Inflation, slower rate



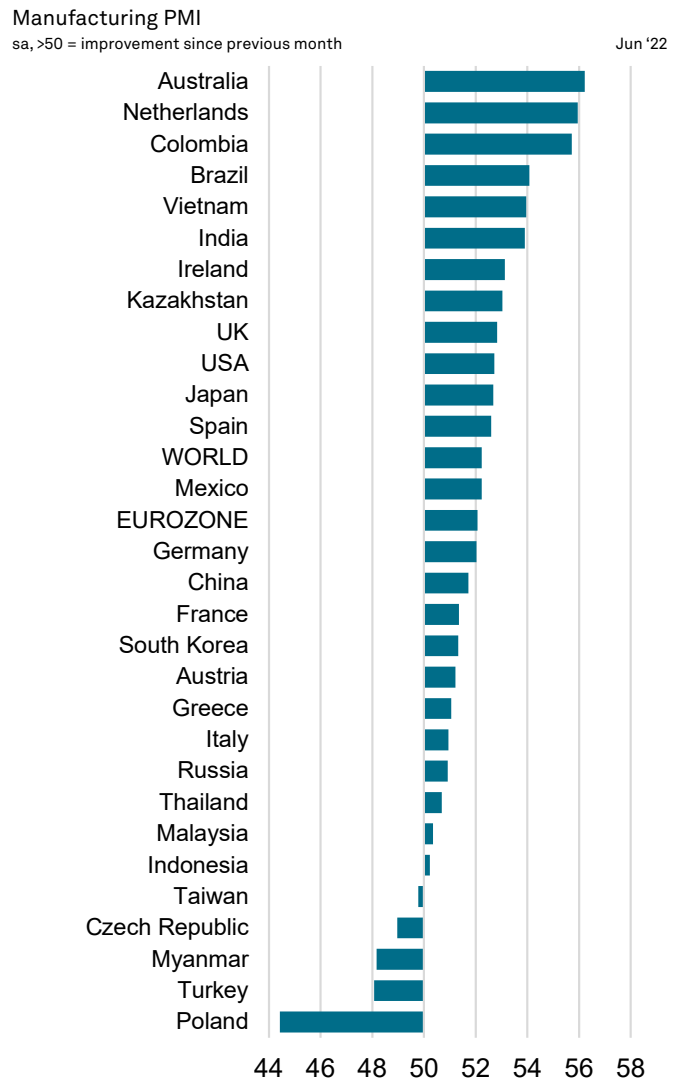
categories returned to expansion following back-to-back contractions in April and May.

The demand picture remained relatively weak at the end of the second quarter, however. Growth of new order intakes eased to a near-standstill pace, the weakest rise during the current two-year sequence of increase. International trade flows continued to decline, as the volume of new export business contracted for the fourth straight month (albeit to the weakest extent during that sequence).

New order intakes rose in China, Japan, India, South Korea, Brazil and Australia (among others). In contrast, the US, the euro area and the UK were some of the larger manufacturing economies to see new business decline.

Apart from the subdued demand environment, the global manufacturing sector continued to be buffeted by ongoing headwinds. Business optimism dipped to a two-year low, inflationary pressure remained elevated and supply chains also stayed stretched. That said, weaker increases in input costs, output prices and supplier delivery times indicated that the pressure on these factors was passed its peak.

Jobs growth was registered for the twentieth consecutive month in June. However, the rate of increase eased to a five-month low. The only nations covered by the survey to register lower employment were China, the Czech Republic, Indonesia, Malaysia, Poland, South Korea and Thailand.



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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@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	–
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	Kairoscommodities
Egypt*	S&P Global	–
France	S&P Global	–
Germany	S&P Global	BME
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	–
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	–
Singapore*	S&P Global	–
South Africa*	S&P Global	–
South Korea	S&P Global	–
Spain	S&P Global	AERCE
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.

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