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J.P.Morgan Global Manufacturing PMI™

Global manufacturing output falls for second month running as downturn in China continues

Key findings

Output declines as new order inflows remain lacklustre

Inflationary pressures stay elevated

International trade volumes decline

Global manufacturing production declined for the second successive month in May, as new order growth remained lacklustre and international trade volumes contracted. Inflationary pressure was elevated, as rates of increase in input costs and selling prices stayed among the highest registered in the survey history.

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 – posted 52.4 in May, little-changed from April's 20-month low of 52.3. The headline PMI has remained above the neutral 50.0 mark since July 2020.

Please note that due to later release dates, data for Indonesia and South Korea were not available for inclusion in the May numbers.

Lower production volumes reflected lacklustre demand, disruption from stretched supply chains, elevated inflationary pressures, the war in Ukraine and the downturn in Chinese manufacturing. By sector, further contractions (albeit at slower rates) were registered in both the intermediate and investment goods categories, while consumer goods output returned to moderate expansion.

The downturn in Chinese manufacturing output extended into its third successive month in April, as renewed COVID restrictions in recent months impacted production in the world's largest industrial nation. However, the rate of contraction eased noticeably during the month. Italy, Russia, Poland, Mexico, Taiwan Turkey, Malaysia and Myanmar also saw output contract.

The Global Manufacturing Output Index when calculated including China posted 49.7 in May, signalling contraction. The same index calculated excluding China was three points higher at 52.7, indicating a solid rate of growth. The rest of the World figure was held above the neutral 50.0 mark by expansions in the US, eurozone, Japan, the UK, India and Brazil (among others). That said, all of those nations listed, with the exception of Brazil, saw slower rates of growth than

J.P.Morgan Global Manufacturing PMI™

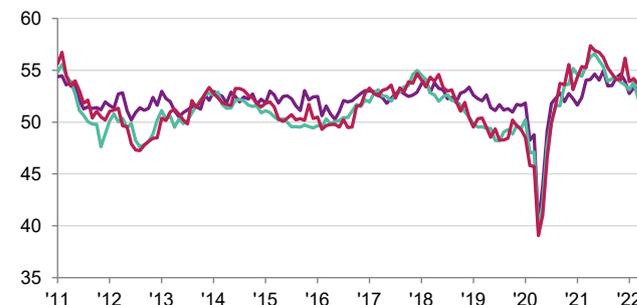
sa, >50 = improvement since previous month



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

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

sa, >50 = improvement since previous month

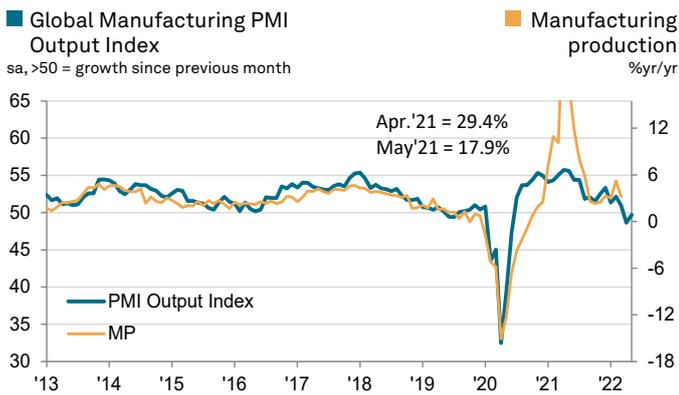


Source: J.P.Morgan, S&P Global.

Index summary

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

Index	Apr-22	May-22	Interpretation
PMI	52.3	52.4	Improvement, faster rate
Output	48.6	49.7	Decline, slower rate
New Orders	50.5	50.9	Growth, faster rate
New Export Orders	48.3	47.9	Decline, faster rate
Future Output	61.8	60.7	Growth expected, weaker sentiment
Employment	51.5	51.7	Growth, faster rate
Input Prices	71.6	70.5	Inflation, slower rate
Output Prices	63.8	61.5	Inflation, slower rate



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

in April.

Global manufacturing new orders rose for the twenty-third successive month in May. However, the rate of increase was only mild and little-changed from April (which was the weakest during the current growth sequence).

New orders rose at quicker rates in the consumer and investment goods sectors, but fell slightly at intermediate goods producers. New business rose in most of the world's largest industrial regions – including the US, the euro area and Japan – but fell in China. International trade flows continued to contract, as new export order intakes fell at the quickest pace since July 2020.

Manufacturing employment rose for the nineteenth month running in May. Among the largest industrial nations, jobs growth was seen in the US, euro area and Japan. Higher employment failed to prevent another rise in backlogs of work. Increased purchasing led to a build up of input stocks, in contrast to a decrease in finished goods inventories. Although supply chains remained stretched, lead times lengthened to the weakest extent for three months.

Inflationary pressures remained elevated in May, with rates of increase in input costs and selling prices among the highest in the survey history (but slower than in April). Rates of increase in both price measures remained higher (on average) in developed nations than emerging markets.

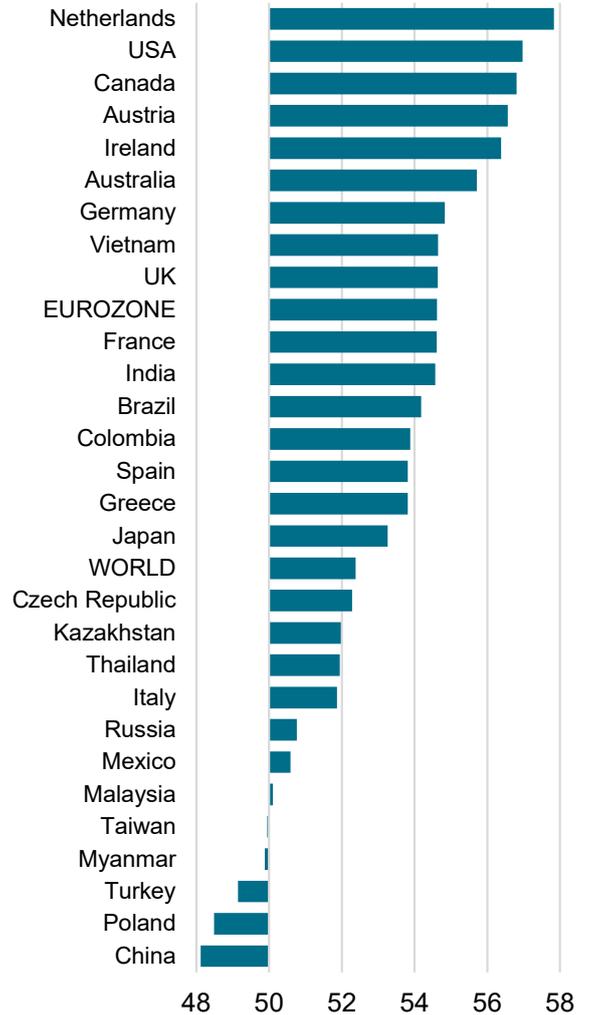
Comment

Olya Borichevska, Global Economist at J.P.Morgan, said: *“After sharp declines in the global output PMI in March and April, May brought better news. The global output PMI increased 1.1-pts in May though this was mostly concentrated in China where the PMI bounced 4.7-pts, reversing a little bit less than half of the drop linked to the recent virus outbreak. Outside of China, the global PMI fell 0.7-pts suggesting loss of momentum though the level remained at a solid level. Other details from the surveys point to limited intensification in supply chain issues which is encouraging.”*

Manufacturing PMI

sa, >50 = improvement since previous month

May '22



Sources: J.P.Morgan, S&P Global, Unicredit Bank Austria, Caixin, Davivienda, BME, HPI, AIB, Jibun Bank, NEVI, AERCE, 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@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

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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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