

Embargoed until 1100 EST (1600 UTC) 1 March 2023

J.P.Morgan Global Manufacturing PMI™

Global manufacturing output returns to growth as supply chain constraints ease and mainland China reopens

Key findings

Manufacturing PMI rises to 50.0 in February

New order intakes move closer to stabilising

Input cost inflation eases to 28-month low

The February PMI surveys signalled a return to growth for the global manufacturing sector. Output rose for the first time in seven months amid improving supply chains and China's re-opening as COVID restrictions were lifted. Business optimism also revived, rising to its highest level in a year.

At 50.0 in February, up from 49.1 in January, 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 a reading identical to the no-change mark, halting a five-month run of signalling contraction. The PMI level was impacted positively by increased production and employment and slower rates of decline in both new business and stocks of purchases.

Manufacturing output rose for the first time since July 2022, as solid growth in the consumer and investment goods sectors offset the continued downturn at intermediate goods producers.

The upturn in production volumes was led by Asia, with Thailand, India and the Philippines registering the fastest rates of growth. The region also benefited from the ongoing re-opening process in China, where output rose for the first time six months. In contrast, the downturn in Japan extended to an eighth successive month, with the rate of contraction a 31-month record.

The performances of the North America, Europe and South America remained weak (on average) in comparison to Asia. Although the euro area saw output rise for the first time in nine months, the rate of growth was negligible. A steep downturn in France offset growth in nations such as Germany, Italy and Spain. The UK returned to growth, but the Czech Republic and Poland contracted. February saw manufacturing output decline in both the US and Brazil for the fourth month in a row.

Aiding the return to growth for world manufacturing production was an easing of supply-chain constraints.

J.P.Morgan Global Manufacturing PMI™

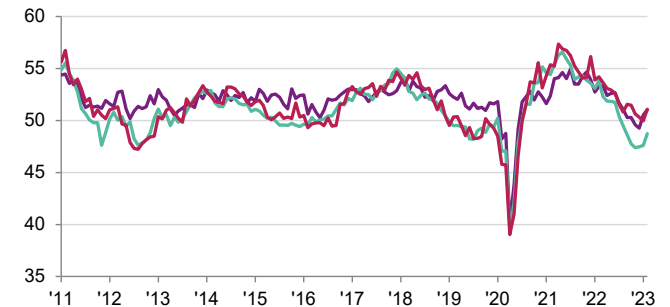
sa, >50 = improvement since previous month



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

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

sa, >50 = improvement since previous month

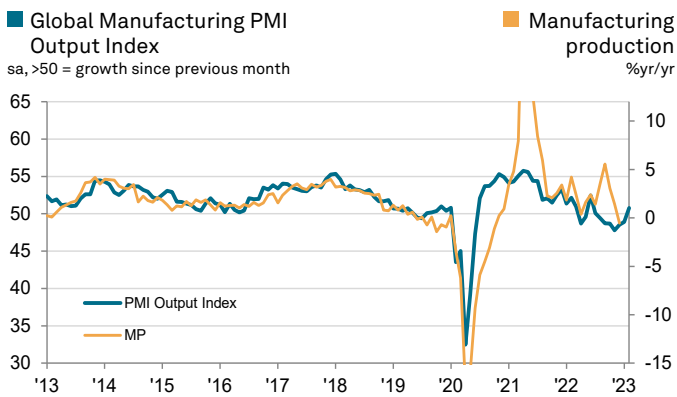


Source: J.P.Morgan, S&P Global.

Index summary

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

Index	Jan-23	Feb-23	Interpretation
PMI	49.1	50.0	No change, from declining
Output	48.9	50.8	Growth, from declining
New Orders	47.7	49.3	Decline, slower rate
New Export Orders	47.5	48.3	Decline, slower rate
Future Output	62.3	62.8	Growth expected, better sentiment
Employment	50.0	51.2	Growth, from no change
Input Prices	57.0	55.7	Inflation, slower rate
Output Prices	54.8	54.8	Inflation, same rate



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

Average vendor lead times shortened for the first time since July 2019, reflecting an improvement in the intermediate goods industry and near stable times at both consumer and investment goods producers. China, the US and the euro area were among those to see supplier delivery times improve, in contrast to further lengthening in Japan.

The trend in global manufacturing new business moved closed to stabilising in February, as new work intakes fell to the weakest extent during the current eight-month sequence of contraction. The pace of decline in new export orders also eased to an eight-month low.

Manufacturing employment rose for the first time in four months and at the quickest pace since last June. Staffing levels were increased in China, the US, the euro area and Japan (among others). Jobs growth aided companies in achieving both increased output and lower backlogs of work.

Input price inflation eased to a 28-month low in February. Costs nonetheless rose for the thirty-third successive month, with part of the latest increase passed on to clients in the form of higher selling prices.

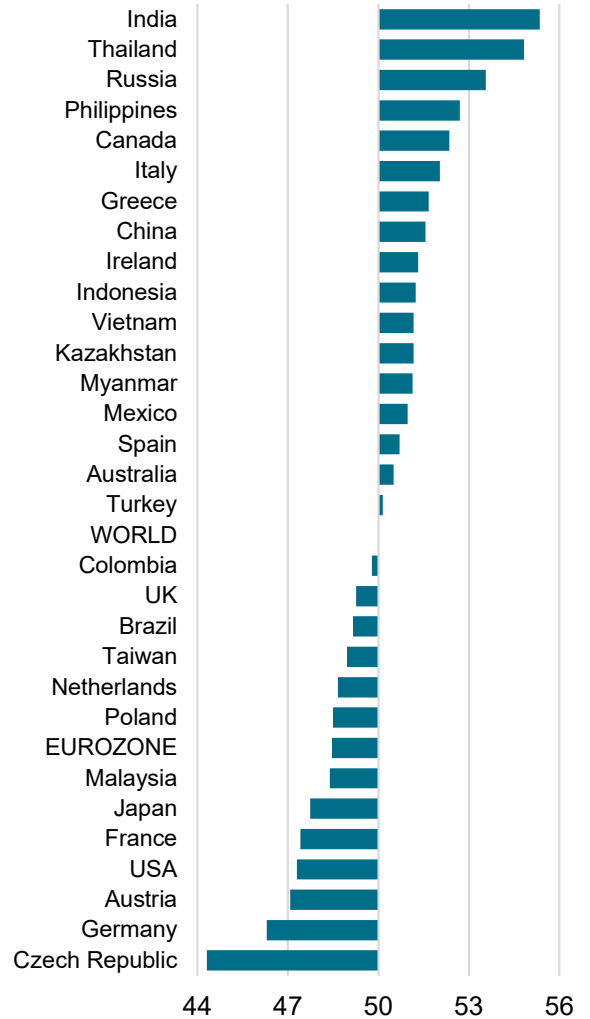
Comment

Bennett Parrish, Global Economist at J.P.Morgan, said: "The February manufacturing PMIs point to a welcome return to growth for global industry, amid supply chains improvements and China's reopening. A bounce in new orders reinforces the signal from the output PMIs and should help to sustain the recovery in the coming months. While the supply chain disruptions of the past year continue to fade, the output price PMI has been stuck at an elevated level this year and somewhat raises the risk of goods inflation becoming entrenched."

Manufacturing PMI

sa, >50 = improvement since previous month

Feb '23



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	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	–
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	Riyad Bank
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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