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J.P.Morgan Global Manufacturing PMI®

Global factory output and employment fall at faster rates at close of 2023

Key findings

Manufacturing PMI falls to 49.0 in December

Weak demand persists

Input and output price inflation edge higher

The global manufacturing sector ended 2023 on a lacklustre footing. December saw production decline for the seventh successive month as intakes of new business suffered a further contraction. With demand retreating producers again relied on completing backlogs of work to support output.

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 49.0 in December, down from 49.3 in November, to remain below the neutral 50.0 mark for the sixteenth consecutive month.

Manufacturing production contracted at a slightly quicker pace in December, with the latest decline centred on the intermediate goods sector. In contrast, producers of both consumer and investment goods saw expansions. Overall output has decreased 13 times in the past 17 months.

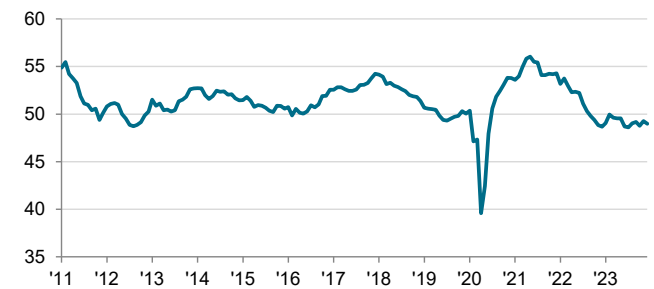
Data broken down by nation signalled contractions in output in all except seven of the 29 countries for which December readings were available. China, Colombia, Greece, Indonesia, Mexico, the Philippines and Russia were the nations to register growth.

US manufacturing output decreased for the first time in four months, while Japan posted its seventh successive month of contraction. The euro area remained the main source of weakness, however. Manufacturing production across the currency bloc fell (on average) for the ninth month running, with the downturns in Germany, France, Austria and the Netherlands especially severe. The other European nations covered by the survey fared similarly, with marked contractions seen in the UK, Poland and Czechia.

December saw global manufacturing new business intakes decline for the eighteenth month in a row, with reductions signalled across the consumer, intermediate and investment goods industries. International trade flows also deteriorated, as the downturn in new export orders was extended to 22 months.

J.P.Morgan Global Manufacturing PMI

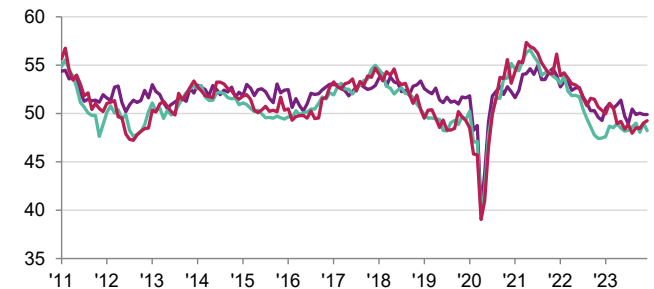
sa, >50 = improvement since previous month



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

Consumer Goods PMI
Intermediate Goods PMI
Investment Goods PMI

sa, >50 = improvement since previous month

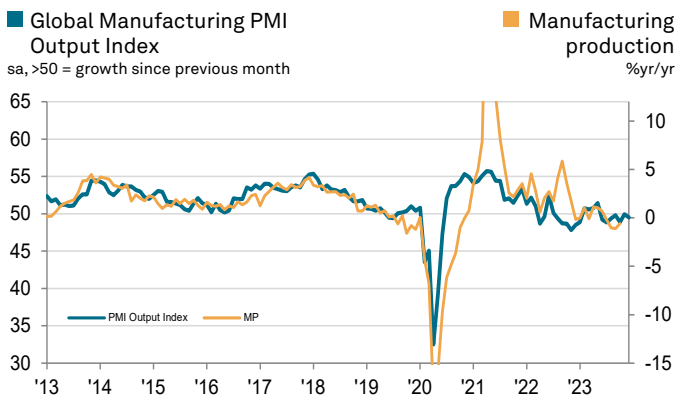


Source: J.P.Morgan, S&P Global PMI.

Index summary

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

Index	Nov-23	Dec-23	Interpretation
PMI	49.3	49.0	Deterioration, faster rate
Output	49.9	49.5	Decline, faster rate
New Orders	48.9	48.6	Decline, faster rate
New Export Orders	48.1	48.0	Decline, faster rate
Future Output	60.1	60.5	Growth expected, better sentiment
Employment	49.2	48.7	Decline, faster rate
Input Prices	52.1	52.4	Inflation, faster rate
Output Prices	51.0	51.5	Inflation, faster rate



The continued weakness of both output and new orders led manufacturers to maintain a generally defensive operating position, as highlighted by further cutbacks in employment, purchasing activity and stock holdings.

Job losses were registered for the fourth successive month, with cuts seen in China, the euro area, the US and the UK (among others), while staffing levels were unchanged in Japan. Input buying volumes were reduced to the greatest extent in 11 months, a key factor underlying both lower inventories and improved supplier delivery times.

Price inflationary pressures continued to edge higher in December. Although rates of increase in both input costs and output charges remained relatively mild, they nonetheless accelerated slightly over the month.

Notes: due to later-than usual release dates, December data for India and Kazakhstan were not available to include in the global readings. References to Japan are related to the flash PMI released on 15 December.

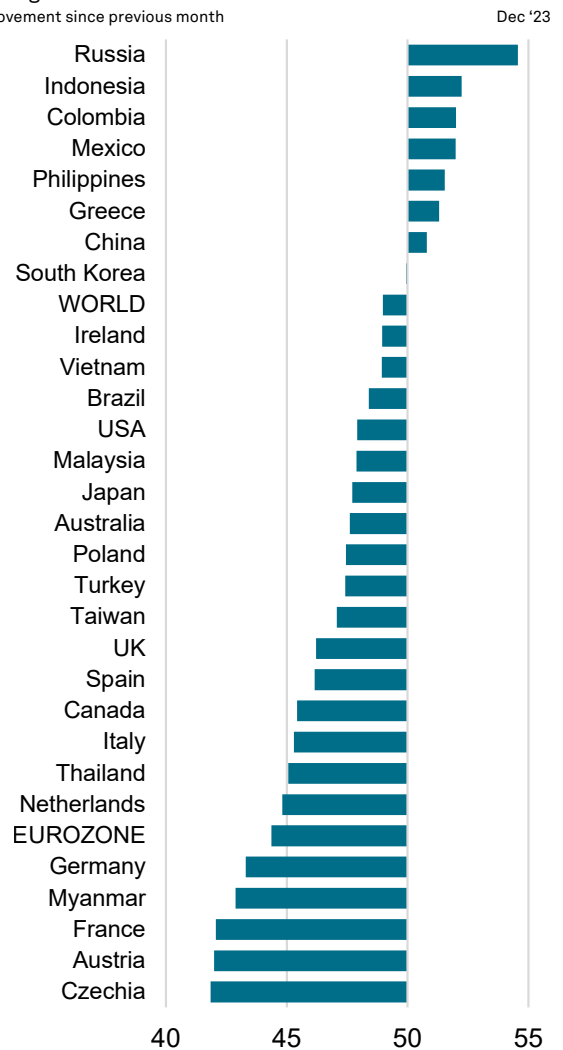
Comment

Maia Crook, Global Economist at J.P.Morgan, said:

“The global manufacturing output PMI slipped 0.4-point in December, and ends 2023 in modest contraction territory. Last month’s decline was broadly based across economies. Output slipped in Europe after a promising rise in November, and the US took a step downwards. Global new orders and employment also ticked down last month, falling 0.4-point and 0.5-point respectively. Future output was one of the few bright spots in the report, alongside a modest firming in indicators of pricing and delivery times.”

Manufacturing PMI

sa, >50 = improvement since previous month



Sources: J.P.Morgan, S&P Global PMI, HCOB, Unicredit Bank Austria, Caixin, Davivienda, HPI, AIB, Jibun Bank, NEVI, Istanbul Chamber of Industry.

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Survey methodology

The J.P.Morgan Global Manufacturing PMI® is produced by S&P Global in association with 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@spglobal.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.

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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. www.spglobal.com/marketintelligence/en/mi/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	Davivienda
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	UBS
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	–
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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