

Embargoed until 1100 EST (1600 UTC) 1 February 2022

J.P.Morgan Global Manufacturing PMI™

Global manufacturing output and new order growth slow at the start of 2022

Key findings

Manufacturing PMI at 15-month low of 53.2

Output growth eases across all three sub-sectors

New export orders fall for first time in 17 months

The start of 2022 saw the rate of expansion in global manufacturing production ease to its weakest pace during the current 19-month upturn. The slowdown reflected weaker growth of incoming new work, declining international trade volumes, supply chain disruptions and rising COVID-19 infections (in part due to the Omicron variant).

The J.P.Morgan Global Manufacturing PMI™ – a composite index produced by J.P.Morgan and IHS Markit in association with ISM and IFPSM – posted a 15-month low of 53.2 in January, down from December's five-month high of 54.3. The PMI has signalled growth for 19 successive months.

Please note that due to later-than-usual release dates, data for South Korea, Indonesia, Malaysia and the Philippines were not available for inclusion in the January numbers.

January saw 22 out of the 27 nations for which data were available register an improvement in overall operating performance. However, of those countries seeing expansions, 13 also recorded a weaker rate of increase than in the prior survey month (including the US, the UK, France, Italy and India). China, Mexico, Brazil, Kazakhstan and Myanmar all contracted. Japan was among the countries bucking the global trend, with its PMI rising to a 95-month high.

Global manufacturing production expanded at the slowest pace since the current upturn began in July 2020. Although expansions were again seen across the consumer, intermediate and investment goods industries, rates of growth decelerated in all three (as was also the case for trends in new work received).

The increase in new business was the weakest registered for one-and-a-half years, in part reflecting the drag of the first decrease in international trade volumes since August 2020. New export business contracted in both the consumer and intermediate goods sectors, more than offsetting a slight

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sa, >50 = improvement since previous month

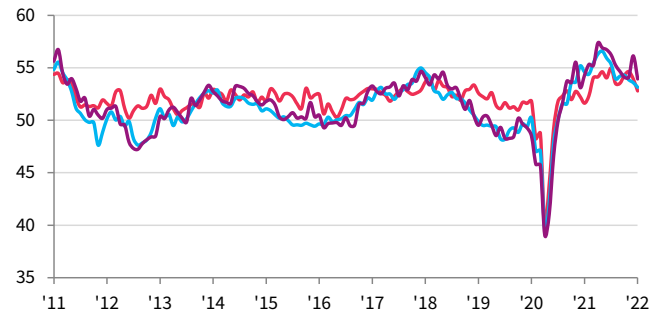


Sources: J.P.Morgan, IHS Markit.

PMI by goods sector

Consumer / Intermediate / Investment

sa, >50 = improvement since previous month

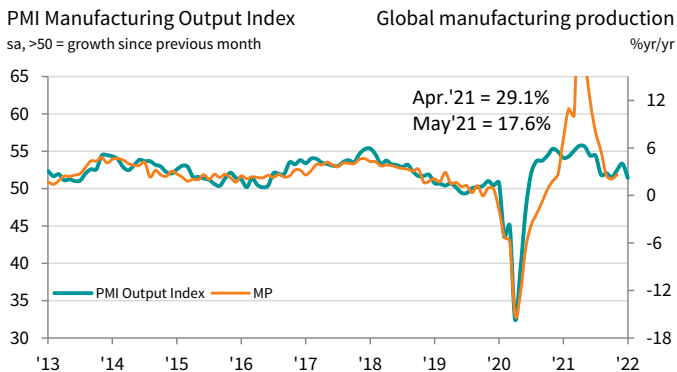


Sources: J.P.Morgan, IHS Markit.

Index summary

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

Index	Dec-21	Jan-22	Interpretation
PMI	54.3	53.2	Improvement, slower rate
Output	53.3	51.4	Growth, slower rate
New Orders	53.4	52.2	Growth, slower rate
New Export Orders	51.2	49.7	Decline, from growth
Future Output	63.7	65.4	Growth expected, stronger sentiment
Employment	51.7	51.0	Growth, slower rate
Input Prices	69.7	68.4	Inflation, slower rate
Output Prices	59.8	61.0	Inflation, faster rate

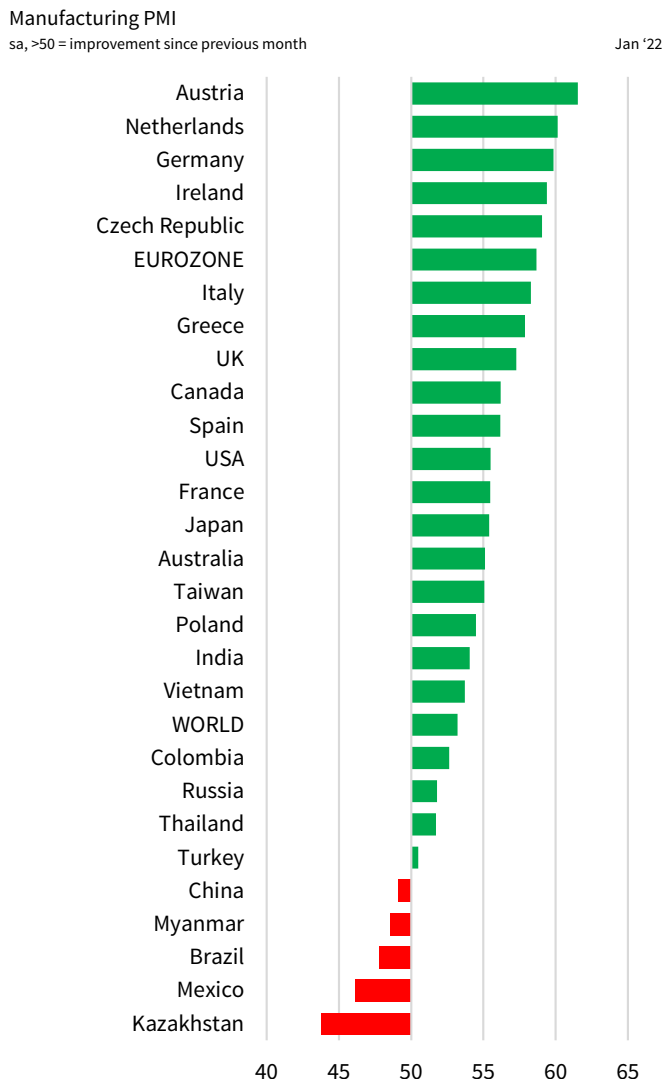


increase at investment goods producers.

The outlook for global manufacturing nonetheless remained positive overall at the start of 2022. Manufacturers reported (on average) that they expect output to be higher one year from now, with the overall degree of optimism hitting a seven-month high. The forward-looking new orders-to-finished goods inventory ratio was also in line with its long-run average.

Expectations of future growth, combined with the ongoing catch-up on backlogs following recent supply chain delays, also encouraged further job creation. Manufacturing employment rose for the fifteenth consecutive month in January, although the rate of growth slipped to an 11-month low. Staffing levels rose in the US, the euro area and Japan, with rates of growth improving in the latter two. China and India were among the nations seeing cuts.

Supply chain delays remained substantial in January, as average vendor lead times lengthened for the thirtieth month running. However, delivery times increased to the least marked extent since last March, suggesting that some of the pressure was starting to lessen. This contributed to a mild deceleration in input cost inflation to a ten-month low. Selling prices continued to rise, with the rate of increase accelerating from December's eight-month low.



Comment

Olya Borichevska, Global Economist at J.P.Morgan, said:

“The large drop in the January mfg output PMI to an expansion low of 51.4 is a disappointment and suggests the sector is seeing a drag. It is hard to decipher how much of the January weakness owes to demand vs. supply. One positive from the report is that the future output PMI increased last month suggesting the recent weakness is temporary. Regionally we saw pronounced weakness in the US and China PMI data.”

Methodology

The J.P.Morgan Global Manufacturing PMI™ is produced by IHS Markit in association with ISM and IFPSM.

Global manufacturing PMI indices are compiled by IHS Markit 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 economics@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.

Data sources

Region	Producer	In association with
Australia	IHS Markit	-
Austria	IHS Markit	Unicredit Bank Austria / OPWZ
Brazil	IHS Markit	-
Canada	IHS Markit	-
China (mainland)	IHS Markit	Caixin
Colombia	IHS Markit	Davivienda
Czech Republic	IHS Markit	-
Denmark	DILF	Kairoscommodities
Egypt*	IHS Markit	-
France	IHS Markit	-
Germany	IHS Markit	BME
Greece	IHS Markit	HPI
Hong Kong SAR ^{1*}	IHS Markit	-
Hungary	HALPIM	-
India	IHS Markit	-
Indonesia	IHS Markit	-
Ireland	IHS Markit	AIB
Israel	IPLMA	Bank Hapoalim Ltd
Italy	IHS Markit	-
Japan	IHS Markit	au Jibun Bank
Kazakhstan	IHS Markit	Tengri Partners
Kenya*	IHS Markit	Stanbic Bank
Lebanon*	IHS Markit	BLOMINVEST Bank
Malaysia	IHS Markit	-
Mexico	IHS Markit	-
Myanmar	IHS Markit	-
Netherlands (The)	IHS Markit	Nevi
New Zealand	Business NZ	Bank of New Zealand
Nigeria*	IHS Markit	Stanbic IBTC Bank
Philippines (The)	IHS Markit	-
Poland	IHS Markit	-
Russia	IHS Markit	-
Saudi Arabia*	IHS Markit	-
Singapore*	IHS Markit	-
South Africa*	IHS Markit	-
South Korea	IHS Markit	-
Spain	IHS Markit	AERCE
Switzerland	procure.ch	Credit Suisse
Taiwan	IHS Markit	-
Thailand	IHS Markit	-
Turkey	IHS Markit	Istanbul Chamber of Industry
UAE*	IHS Markit	-
United Kingdom	IHS Markit	CIPS
United States ²	IHS Markit / ISM	-
Vietnam	IHS Markit	-

*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 IHS Markit post-January 2010.

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About IHS Markit

IHS Markit (NYSE: INFO) is a world leader in critical information, analytics and solutions for the major industries and markets that drive economies worldwide. The company delivers next-generation information, analytics and solutions to customers in business, finance and government, improving their operational efficiency and providing deep insights that lead to well-informed, confident decisions. IHS Markit has more than 50,000 business and government customers, including 80 percent of the Fortune Global 500 and the world's leading financial institutions.

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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 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

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